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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**CLOSING THE GAP: THE EFFECT OF CHINA'S RISE ON
TAIWAN'S INDEPENDENCE POLICY**

by

Stacey A. Prescott

June 2008

Thesis Co-Advisors:

Christopher Twomey
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**CLOSING THE GAP: THE EFFECT OF CHINA'S RISE ON TAIWAN'S
INDEPENDENCE POLICY**

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**MASTER OF ARTS IN SECURITY STUDIES
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ABSTRACT

This thesis examines the shifts in Taiwan's independence policy since 1991 to determine whether Taipei has been more restrained at times of military vulnerability. The objective is to determine whether Taipei's actions favoring independence are dependent on threats to its security from offensive actions by the People's Republic of China (PRC), and if so, to determine the effect of the PRC's growing military capability on those independence policies. The level of U.S. support for Taiwan is a significant component of its relative security. Therefore shifts in that support are evaluated and the resulting implications for U.S. policy assessed.

Taipei's official policy has hovered around the status quo with occasional excursions toward independence since 1991. These excursions occurred for the most part when Taipei was relatively secure from PRC threats, and were curbed when concerns were expressed by Washington. PRC military strength and the level of U.S. support not only influence Taiwan's independence policy, but also Taiwan's domestic politics. For peaceful resolution, Washington must continue its policy of strategic ambiguity and, as a new KMT regime in Taiwan eases the tension of recent years, it should reconsider non-involvement and be prepared to play at least a passive role in PRC-ROC negotiations.

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LIST OF ABBREVIATIONS AND ACRONYMS

AIT	American Institute in Taiwan
ASCM	Anti-Ship Cruise Missile
ASW	Anti-Submarine Warfare
AWACS	Airborne Early Warning and Control System
DPP	Democratic Progressive Party
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IRBM	Intermediate Range Ballistic Missile
KMT	Kuomintang (Nationalist Party)
LACM	Land-Attack Cruise Missile
LY	Legislative Yuan
MND	Ministry of National Defense
NP	New Party
NUC	National Unification Council
PAC	Patriot Advanced Capability
PFP	Peoples First Party
PLA	People's Liberation Army
PLAAF	People's Liberation Army Air Force
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
ROC	Republic of China
SAM	Surface-to-Air Missile
SARS	Severe Acute Respiratory Syndrome
SRBM	Short Range Ballistic Missile
TAIP	Taiwan Independence Party
TRA	Taiwan Relations Act
TSU	Taiwan Solidarity Union
UN	United Nations
WHA	World Health Assembly
WHO	World Health Organization
WTO	World Trade Organization

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I. INTRODUCTION

A. PURPOSE AND IMPORTANCE

The United States has been closely involved in the Taiwan question since the beginning of the Korean War, and its peaceful resolution remains a major concern of U.S. security policy today. This thesis examines the shifts in Taiwan's independence policy from the end of the Cold War and seeks to determine whether Taipei has been more restrained at times of military vulnerability. The objective is to determine whether Taipei's policy actions favoring independence are dependent on threats to its security from offensive actions by the People's Republic of China (PRC), and if so, to determine the effect of the PRC's growing military capability on those independence policies. This thesis also assesses the resulting implications for U.S. policy.

Much has happened since the Cold War on both sides of the Taiwan Strait that influences the relationship today. The collapse of the Soviet Union and the financial straits of Russian defense industries have led to the increased availability of Russian military technology, some of which was purchased by the PRC. This greatly enhances the military capability of the People's Liberation Army (PLA). Due to these purchases and the PRC's growing indigenous technology development, the PRC is making progress towards closing the military gap with Taiwan and its U.S.-supplied defense systems. Additionally, during this period, Taiwan became fully democratic, allowing for the defeat of the Kuomintang (KMT or Nationalist Party) candidate for ROC president in the 2000 election, bringing the Democratic Progressive Party (DPP) – a party that supports Taiwanese independence – to power.

Motions by the Taiwanese president in recent years to revise the ROC constitution and to provide a referendum mechanism for a declaration of *de jure* independence prompted the PRC to adopt an anti-secession law in 2005, making it illegal for Taiwan to

declare independence.¹ The key concern of the United States is peaceful resolution of the issue, regardless of the outcome, and though Beijing has stated its preference for a peaceful resolution, it has reserved the right to use force if Taipei declares independence. Assessing the correlation between Taiwan's policies and its relative security is essential to determining U.S. policy with regard to Taiwan. The following sections provide a broad overview of pertinent events in the three-way relationship between the PRC, Taiwan, and the United States, followed by a literature review of previous work on the issue and approaches for analysis. Lastly, this chapter provides the methodology and a roadmap for this thesis.

B. BACKGROUND

In order to assess the importance of each of the determinants of Taipei's independence policy, a brief background of important events and actions is provided to assist in understanding the subsequent chapters. The question of Taiwan's status has been open since the KMT fled to Taiwan during the civil war. Beijing views the optimal resolution of the Taiwan Question to be reunification.² The objectives of Taiwan's leadership have evolved as its politics has transformed. When the ROC government led by the KMT fled the mainland in 1949, reunification with the Chinese mainland under the ROC government was one of its primary goals. The KMT regime did not allow alternative political parties to exist.³ Taiwan's democratization unfolded after 1987 and culminated in open competitive elections for the office of ROC president in 1996.⁴ The KMT enjoyed success in all major elections until 1997, when its lead started to slip and

¹ Alan D. Romberg, "Promoting Cross-Strait Stability, Avoiding Catastrophe," *Pacific Forum CSIS* 8 (2005), <http://www.csis.org/media/csis/pubs/pac0508.pdf>, (accessed July 26, 2007).

² International Crisis Group Staff, *China and Taiwan: Uneasy Détente*, (Seoul/Brussels: International Crisis Group, 2005), http://www.crisisgroup.org/library/documents/asia/taiwan_strait/b042_china_and_taiwan_uneasy_detente.pdf (accessed July 26, 2007).

³ Cal Clark, "Taiwan Elections," *Asia Society*, http://www.asiasociety.org/publications/taiwan_elections.html#polin (accessed July 26, 2007).

⁴ Ibid.

the DPP enjoyed increased representation in government. The DPP's rise culminated with the election of President Chen Shui-bian in the 2000 presidential election.⁵

The fundamental differences between the two parties have been especially highlighted in the last decade:

President Chen Shui-bian, his ruling Democratic Progressive Party (DPP), and their more radical allies in former President Lee's Taiwan Solidarity Union (TSU) represent the "pan green" camp -- the part of the political spectrum that continues to push for strengthening Taiwan's status as a country permanently separate from China. On the other side, the "pan blue" camp, made up of the formerly ruling Kuomintang (KMT) Nationalist Party and its allies the People First Party, is generally more cautious about [antagonizing] China.⁶

Additionally, these differences in politics have had an effect on Taiwan's security. For example, in 2001 the United States approved a new arms sales package, which was held up by partisan "blue-green" politics in the Legislative Yuan, with some parts finally approved for the FY 2007 budget.⁷ This particular situation is examined further in Chapter IV.

Actions in the international arena by President Chen Shui-bian have certainly not reduced tensions in the PRC-ROC relationship. Continuing similar pitches by former ROC President Lee Teng-hui since the mid-1990s, under Chen's leadership, Taipei has sought admission to a number of International Governmental Organizations (IGOs), including the World Health Organization (WHO) and United Nations (UN) under the name Taiwan.⁸ Chen has also made motions to change the name of the country, the flag, and provisions of the constitution "that identify Taiwan with China."⁹ In the summer of

⁵ Clark, "Taiwan Elections;" ICG Staff, *China and Taiwan: Uneasy Détente*

⁶ Ibid.

⁷ David G. Brown, "China - Taiwan Relations: Continuing to Inch Forward," *Comparative Connections* 8, no. 4 (2007), <http://www.csis.org> (accessed July 26, 2007); David G. Brown, "China - Taiwan Relations: Dueling in the International Arena," *Comparative Connections* 9, no. 2 (2007), <http://www.csis.org> (accessed July 26, 2007).

⁸ Ibid.; Chien-pin Li, "Taiwan's Participation in Inter-Governmental Organizations: An Overview of its Initiatives," *Asian Survey* 46, no. 4 (July-August 2006), 597.

⁹ ICG Staff, *China and Taiwan: Uneasy Détente*.

2002, President Chen referred to the situation as “a country on each side of the Strait” directly contesting Beijing’s “One China” principle.¹⁰ Lastly, in response to China’s passing of the Anti-Secession Law in 2005, which would make it illegal for Taiwan to declare independence and justify the PRC’s use of force, Chen Shui-bian disbanded the National Unification Council (NUC) and stated that the “National Unification Guidelines that the Council created would ‘cease to apply.’”¹¹

Washington has attempted to subdue Chen through the conveyance of private messages and numerous public statements, including open opposition to Taiwan’s offensive weapon development.¹² Washington walks a fine line between Beijing and Taipei through a policy of strategic ambiguity, which seeks to deter aggression by the PRC while discouraging Taipei from antagonizing Beijing.¹³ The main concern for Washington is that Taiwan’s motions towards independence could provoke a military response by Beijing, thus posing a significant threat to U.S. security.¹⁴

The military balance between the PRC and Taiwan has been the main obstacle to Beijing’s use of force to resolve the Taiwan question. The balance has traditionally favored Taiwan, but some analysts feel that the balance is shifting toward the PRC.¹⁵ Others, including some that believe the balance is shifting, feel that Beijing is not yet capable of overtaking Taiwan by force, and that much progress must be made to get

¹⁰ Shelley Rigger, "Taiwan in 2002: Another Year of Political Droughts and Typhoons," *Asian Survey* 43, no. 1, A Survey of Asia in 2002 (January - February 2003), 41-48.

¹¹ Alan D. Romberg, "The Taiwan Tangle," *The China Leadership Monitor* 18 (2006), http://media.hoover.org/documents/clm18_ar.pdf, (accessed July 26, 2007); Romberg, "Promoting Cross-Strait Stability, Avoiding Catastrophe;" Kerry Dumbaugh, *China-U.S. Relations: Current Issues and Implications for U.S. Policy*, (December 7, 2006).

¹² ICG Staff, *China and Taiwan: Uneasy Détente*; Brown, "China - Taiwan Relations: Dueling in the International Arena."

¹³ Dumbaugh, *China-U.S. Relations: Current Issues and Implications for U.S. Policy*; Shirley Kan, *China/Taiwan: Evolution of the "One China" Policy - Key Statements from Washington, Beijing, and Taipei*, (2006).

¹⁴ Robert S. Ross, "Taiwan's Fading Independence Movement," *Foreign Affairs* (2006), <http://taiwansecurity.org/IS/2006/FA-Ross.pdf> (accessed July 26, 2007).

¹⁵ ICG Staff, *China and Taiwan: Uneasy Détente*; Thomas J. Christensen, "Posing Problems without Catching Up," *International Security* 25, no. 4 (Spring 2001), 5; Michael S. Chase, "Defense Reform in Taiwan: Problems and Prospects," *Asian Survey* 45, no. 3 (May-June 2005), 362; Office of the Secretary of Defense, *Annual Report to Congress: Military Power of the People's Republic of China*, (2008), http://www.defenselink.mil/pubs/pdfs/China_Military_Report_08.pdf, 41, (accessed March 14, 2008).

closer to that ability.¹⁶ This controversy underscores the importance of determining the current trends in the PRC-ROC military balance and its impact on Taiwan's relative security, and subsequently Taiwan's independence policy.

C. LITERATURE REVIEW

There has been some research done over the years to determine whether there is a correlation between perceptions of security and independence sentiment on Taiwan. Brett Benson at Duke University compiled public opinion polls designed to measure the conditions under which the Taiwan public would favor independence or unification over the status quo. In most surveys, the majority answered in favor of the status quo, however polls that set favorable conditions for either – unification if the PRC and Taiwan became “politically, economically, and socially compatible” or “independence if peace can be maintained” – produced different results.¹⁷ The compilation of their research shows that over twenty-five percent of the public supports independence or reunification on these set conditions, thus the Taiwanese public tends to be more supportive of independence when it is less concerned about the mainland threat.¹⁸ Public opinion has sometimes differed from actions taken by Taiwan's government and, more specifically, its president; therefore, it becomes important to determine what, if any correlation there is between relative security and independence policy promotions. As Wu Yu-Shan states:

Taiwan's domestic political shifts, it is clear are constricted by and need to be viewed within the context of an ever-evolving strategic triangle between the United States, Taiwan and China. While Taiwan's security is threatened by the mainland, it is guaranteed by the US and no leader in Taiwan can ever afford to neglect these two cardinal facts.¹⁹

¹⁶ Michael E. O'Hanlon, "Can China Conquer Taiwan," *International Security*, (Fall 2000), http://www.brookings.edu/views/articles/ohanlon/2000fall_IS.htm (accessed July 26, 2007); James H. Nolt, "The China-Taiwan Military Balance," *The Project on Defense Alternatives*, (January 7, 2000), <http://www.comw.org/pda/nolt99.pdf>, (last accessed May 13, 2008). OSD, *Military Power of the PRC*, 43.

¹⁷ Brett V. Benson and Emerson M. S. Niu, "Public Opinion, Foreign Policy, and the Security Balance in the Taiwan Strait," *Security Studies* 14, no. 2 (April-June 2005), 280.

¹⁸ *Ibid.*, 274.

¹⁹ Yu-Shan Wu, "Taiwan's Domestic Politics and Cross-Strait Relations," *The China Journal*, no. 53 (January 2005), 35.

There are different ways to examine the question of whether or not Taipei will take actions toward independence as Beijing closes the military capability gap. That Beijing has stated that it will take military action if Taipei declares independence raises the question of what would cause Taipei to claim independence regardless. Differences exist even within the traditional schools of international relations. According to realism, a state's actions are largely based on preserving national interest and balance of power.²⁰ In structural realism, defensive realists would assert that security is Taipei's principal interest and that it would not seek more power to the detriment of its own security.²¹ However, offensive realists would argue that Taipei would risk its own security to gain more power in the international system if it thought it could do so successfully.²² Beyond realist perspectives, others would emphasize nationalism and ideology as a basis for Taipei's actions.

James Fearon argues that there are rational explanations for why states would choose war over negotiated settlements, particularly "when lack of information leads them to miscalculate relative power or resolve."²³ This would be of particular concern if Taiwan miscalculates Beijing's level of resolve. Another approach, the offense-defense theory, contends that peace is more likely when capabilities favor the defense, but that "misperceptions and miscalculations of the balance often lead states to initiate conflict when they otherwise might feel secure with the status quo."²⁴

Graham Allison proposes yet another model to explain the behavior of states – Bureaucratic Politics, also known as the third model. Allison's model differs from realist and rationalist models in that there is no single unitary actor, "rather many actors as players, who focus not on a single strategic issue, but on many diverse intra-national

²⁰ Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, 5th ed. (New York: Random House, 1973).

²¹ Kenneth N. Waltz, *Theory of International Politics*. (New York: McGraw Hill, 1979).

²² John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York: Norton, 2001).

²³ James D. Fearon, "Rationalist Explanations for War," *International Organization* 49, no. 3 (Summer 1995), 379-414.

²⁴ Keir A. Lieber, "Grasping the Technological Peace: The Offense-Defense Balance and International Security," *International Security* 25, no. 1 (Summer 2000), 71-104.

problems.”²⁵ In this model, decisions are not made rationally to take actions leading to conflict, but the struggle of politics that leads to a possibly unintended course of action.

While the schools of thought differ slightly, they highlight the importance of determining the relative power of both the PRC and Taiwan. This not only involves the military balance between the two, but also the status and capabilities of U.S. support in the event of a crisis. How has Taipei acted over the course of this assessment? Examination of these two central elements to both realist and rationalist analyses will construe whether the provocative actions taken by Taipei since the Cold War can be explained in terms of one of the aforementioned schools of thought. Determining how Taiwan has reacted in regards to the balance of power and its relative security historically will allow conclusions about its future behavior and may inform how best to proceed with the Taiwan Question, particularly in U.S. security policy.

Many analysts argue that despite the closing gap between the PRC’s and Taiwan’s military capabilities, Beijing still will not be able to take offensive action for another five to ten years.²⁶ The question therefore becomes, if the PRC becomes more capable of overtaking Taiwan by force, would Taipei be less likely to take action that would precipitate Beijing’s use of said force? To answer this question it is necessary to examine the military balance between the PRC and Taiwan and how it has changed over the years, as well as the level of U.S. support and commitment to Taiwan’s defense. After evaluating Taiwan’s relative security it is necessary to look at the internal political factors during the same period to see if Taiwan was indeed more reticent during periods of insecurity and more vocal during periods of security.

D. METHODOLOGY

This thesis uses congruence testing to evaluate the issue, examining Taiwan over different, key, chronological periods. The evolution of Taipei’s independence policy is analyzed over three time periods that correspond to changing levels of relative security

²⁵ Graham T. Allison, “Conceptual Models and the Cuban Missile Crisis,” in *American Foreign Policy: Theoretical Essays*, ed. G. John Ikenberry. (New York: Harper Collins, 1989), 358.

²⁶ Christensen, “Posing Problems without Catching Up.”

and domestic political shifts. Relative security for Taiwan will be defined by two independent variables (IVs): (1) military balance between the PRC and Taiwan and (2) level of U.S. commitment to Taiwan's defense. The third independent variable that greatly affects Taiwan's independence policies are its (3) political parties and ideological camps. A thorough examination of the three IVs will determine correlation with the dependent variable (DV), Taiwan's independence policy. The assumed relationship between the IVs and the DV is depicted below:

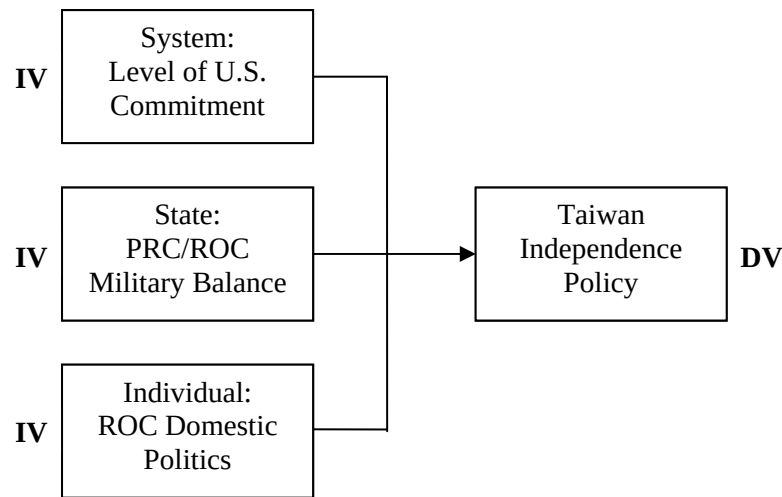


Figure 1. Relationship of IVs to DV

The IVs will each be coded as having either a positive or negative effect on Taiwan's Independence Policy, the DV. A positive coding denotes favorable conditions for the DV to lean towards independence, while a negative coding serves to constrain the DV – remaining at the status quo or leaning away from independence.

E. ROADMAP

As mentioned above, this thesis is organized chronologically, corresponding to periods delineated by shifts in either relative security or domestic politics. Chapter II evaluates the time period from 1991 to 1996. This period covers from the end of the Cold War and the beginnings of democracy in Taiwan to the Taiwan Strait Crisis in 1995-1996, when Taiwan's growing democracy sparked a definite reaction from the

PRC. Chapter III examines the period from 1996, covering the first democratic presidential elections, to 2001. Using 2001 as an endpoint for Chapter III is useful because it is both the year President Chen Shui-bian enjoyed a plurality for his pan-green coalition in the Legislative Yuan and the year the George W. Bush Administration entered the White House. Lastly, Chapter IV covers many of the most recent events by evaluating the period from 2001 to 2007 to examine the effects of Chen Shui-bian's presidency and the PRC's military rise on the dependent variable, as well as the three independent variables.

Each chapter begins with an overview of Taiwan's domestic political movements and trends, including any events that significantly affected either Taiwan's independence policy or the other two variables. Next, each chapter follows with an overview of U.S. commitment and support over the timeframe evaluated. Lastly, each chapter concludes with an evaluation military progress made by both the PRC and ROC and evaluates the trend in the military balance between the two during each respective time period.

Chapter V concludes with a summary of the trends discovered and analysis of possible political theories to define those trends. Additionally, Chapter V includes a forecast, given current trends, of the future of Taiwan's independence policy. Furthermore, these findings are examined using policy analysis options to evaluate the continuing effectiveness of U.S. policy and to determine what, if any, changes need to be made in the American approach to the Taiwan issue.

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II. 1991-1996: BURGEONING DEMOCRACY TO CRISIS

In late 1995 and early 1996, the People's Liberation Army conducted a series of military maneuvers, including missile tests and a "large-scale amphibious landing exercise," significantly increasing tensions in the Taiwan Strait for the first time since 1958.²⁷ What happened to spark such a response from Beijing, particularly when such progress had been made as the "1992 Consensus?"²⁸ While Taiwan's democratization process began in 1987, it did not make significant progress until 1991. Additionally, 1991 is important due to the collapse of the USSR, as the removal of Moscow from strategic triangle with the United States and the PRC had a significant affect on the region. Therefore, evaluation for the purpose of this analysis will begin in 1991.

The first variable that affected Taiwan's independence policy between 1991 and 1996 examined is Taiwan's domestic politics and movements. Democratization had a considerable impact on not only the vociferousness of Taiwan's independence movement, but also on Beijing's interpretation of Taipei's policy, directly contributing to the Taiwan Strait Crisis. As the United States sent support in the form of two aircraft carriers to the region, the level of U.S. support is evaluated next. Of importance are not only sales of defensive weapons, but also levels of political cooperation between the United States and Taiwan. Lastly, as the PRC directly benefited from the sale of Soviet weapons following the collapse of the USSR, to the growing detriment of the ROC, this analysis concludes by evaluating the military balance between the two in 1991, and assessing if and how the balance shifted over the first few years of Taiwan's fledgling democracy.

²⁷ Hung-mao Tien, "Taiwan in 1995: Electoral Politics and Cross-Strait Relations," *Asian Survey* 36, no. 1, A Survey of Asia in 1995: Part I (January 1996), 36; Chen Qimao, "The Taiwan Strait Crisis: Its Crux and Solutions," *Asian Survey* 36, no. 11 (November 1996), 1055.

²⁸ Gunter Schubert, "Taiwan's Political Parties and National Identity: The Rise of an Overarching Consensus," *Asian Survey* 44, no. 4 (July-August 2004), 540. The "1992 Consensus" is an agreement between the PRC and Taiwan that there is only "one China," while leaving the actual definition of "one China" open to interpretation to facilitate cross-strait dialog.

A. ROC DOMESTIC POLITICS AND MOVEMENTS

On July 15, 1987, the KMT ended martial law in the Republic of China and allowed democracy to flourish.²⁹ The democratic transition did not happen overnight, but the lifting of martial law was a very important first step. Prior to the end of martial law, other political parties, such as the Democratic Progressive Party (DPP), had existed – but only illegally.³⁰ The year 1991 is an appropriate starting point for analysis, not only due to the collapse of the USSR, but also because it marks the ROC's first major national election and the beginning of the final stage of democratization. The positions that had belonged to provinces from the mainland were to be officially abolished by the end of 1991.³¹ This section will highlight important events in Taiwan's growing democracy, introduce the main political parties and their platforms, and evaluate Taiwan's independence policy over this first time period.

1. Democratic Progress and the Growth of Political Parties

Lee Teng-hui took over the position of president and chairman of the KMT following Chiang Ching-kuo's death. In the early 1990s, however, his Taiwan-centric ideas highlighted a growing divide within the party.³² It is uncertain how many reforms could have taken place earlier if President Lee had continued to work toward his goals, but he realized that splitting the party was an even bigger risk, posing a threat to the KMT's parliamentary majority. If the KMT had splintered, the DPP would have gained plurality in key elections much sooner than it did. As it was, in 1992, the DPP won 50 of the 161 available seats in the Legislative Yuan, a visible improvement over the 1991 National Assembly election where the DPP gained only 66 of the 254 available seats.³³

²⁹ Linda Chao and Ramon H. Myers, "The First Chinese Democracy: Political Development of the Republic of China on Taiwan, 1986-1994," *Asian Survey* 34, no. 3 (March 1994), 213.

³⁰ *Ibid.*, 222.

³¹ Jurgen Domes, "Taiwan in 1991: Searching for Political Consensus," *Asian Survey* 32, no. 1, A Survey of Asia in 1991: Part I (January 1992), 46; Clark, "Taiwan Elections."

³² Chao and Myers, "The First Chinese Democracy," 226.

³³ Jurgen Domes, "Taiwan in 1992: On the Verge of Democracy," *Asian Survey* 33, no. 1, A Survey of Asia in 1992: Part I (January 1993), 60; Domes, "Taiwan in 1991," 49.

Upon becoming legal, the DPP began consolidating power in the early 1990s and building a base from which to expand through the middle of the decade. The DPP did suffer some setbacks in the early 1990s due to its extremely pro-independence campaign.³⁴ This provides another good starting point for analysis, as the rise of the DPP in domestic politics can provide insight to the sentiments of the Taiwanese electorate. The DPP's rise did not begin quickly, however; in a 1993 election for city and county positions, the DPP did not gain as much support as expected, and in fact, even lost one of its key local seats.³⁵

The problems the KMT had with internal factions in the early 1990s did not improve, and President Lee ultimately failed to hold the KMT together. The mainstream faction of the KMT was comprised primarily of Taiwanese, while the non-mainstream faction, for the most part, included mainlanders and their descendants. The tension between the two groups stems mainly from the difference in opinion about Taiwan's past as a province of China.³⁶ Taiwan's growing democracy in the 1990s only made these previously repressed issues more evident. The New Alliance faction within the KMT officially broke off, and established the New Party (NP) in 1993.³⁷

One important step that furthered the democratization process in 1993 was the approval of ten constitutional amendments – one of which allowed for direct election of the president by popular vote.³⁸ While losses by the KMT in local elections in 1994 may have signaled trouble for the KMT, it certainly meant success for a stable democracy. The KMT maintained significant national and provincial power, but the election of a DPP candidate for mayor of Taipei, and the subsequent turnover of power, demonstrated that, at least at the local level, democratization was complete.³⁹

³⁴ Domes, "Taiwan in 1991," 49.

³⁵ Yu-Shan Wu, "Taiwan in 1994: Managing a Critical Relationship," *Asian Survey* 35, no. 1, A Survey of Asia in 1994: Part I (January 1995), 67.

³⁶ Steven J. Hood, "Political Change in Taiwan: The Rise of Kuomintang Factions," *Asian Survey* 36, no. 5 (May 1996), 469.

³⁷ Chao and Myers, "The First Chinese Democracy," 228. Wu, "Taiwan in 1994," 67. Hood, "Political Change in Taiwan," 477.

³⁸ Wu, "Taiwan in 1994," 67.

³⁹ *Ibid.*, 69.

2. Political Party Goals and Rhetoric

The democratization of Taiwan produced a number of political parties, but only two held sway in 1991, the KMT and DPP. In 1993, after the New Party (NP) broke off of the KMT, the political ideals of each of the parties started to become more defined. The NP holds most of the ideals of the original KMT, particularly the promotion of Chinese nationalism. The KMT under Lee's leadership began taking a "Taiwan-first approach" – that the needs and security of Taiwan take priority over reunification or independence – while still operating under the tenets of the original ROC constitution. On the other hand, the most liberal of the parties, the DPP, promoted Taiwan independence.⁴⁰

As the 1990s progressed, the political parties had to make small adjustments to their official rhetoric. The DPP for example, by the time of the Taiwan Missile Crisis, had toned down its independence rhetoric from declaring independence to a policy of *de jure* independence – emphasizing that Taiwan does not need to declare independence as it had already operated independently since 1949.⁴¹ On the conservative end of the spectrum, in order to garner voter support, the NP had to tone down its nationalist rhetoric and state that the protection of Taiwan from PRC hostilities was more important than reunification.⁴²

3. Independence Policy

One of the first actions taken by President Lee, once the democratic process started, was the formation of the National Unification Council (NUC) in 1990.⁴³ The Council was meant to maintain stability across the Strait while Taiwan became more democratic. It established Guidelines for eventual reunification that both safeguarded the public's right to self-determination and kept Taiwan's growing opposition parties in

⁴⁰ Wu, "Taiwan in 1994," 67.

⁴¹ Tien, "Taiwan in 1995," 36.

⁴² Ibid., 37.

⁴³ Romberg, "The Taiwan Tangle," 1.

check. The Guidelines for reunification reiterate the “one China” policy of the ROC’s constitution – that there is only “one China.”⁴⁴

The issue of reunification or independence was certainly used by all parties to garner votes in the 1996 presidential election. President Lee specifically used his 1995 trip to Cornell to further the independence movement.⁴⁵ However, while both the election and Lee’s trip sparked protest from the PRC – in the form of military exercises and missiles targeted into the waters surrounding Taiwan – the 1996 presidential election was definitely not meant to determine independence or reunification, as the Taiwan population itself was undecided on the issue at that time.⁴⁶ The official policy throughout 1991 to 1996 was maintenance of the status quo, with an increasing emphasis on keeping Taiwan secure from PRC action, regardless of what the individual political parties articulated.

B. LEVEL OF UNITED STATES COMMITMENT TO ROC

The level of support Taiwan can expect from the United States is dependent on a number of factors. The following section will highlight significant events that affected U.S. commitment during this time period and identify the overall trend for final analysis.

1. Support for Political Movements and Political Interventions

While the United States typically took actions to placate the PRC following formal recognition in 1979, the Tiananmen Incident in 1989 led to reduced concern for Beijing’s wishes. Two separate incidents in 1991 highlight this period of increased support for Taiwan. The first was the decision to support Taiwan’s membership in GATT – albeit as a customs territory rather than a state. The second direct show of support for Taiwan was a criticism of Beijing’s “one country, two systems” solution to

⁴⁴ Chen, "The Taiwan Strait Crisis," 1063.

⁴⁵ Ross, "Taiwan's Fading Independence Movement," 141.

⁴⁶ Cheng Tun-jen, "Taiwan in 1996: From Euphoria to Melodrama," *Asian Survey* 37, no. 1, A Survey of Asia in 1996: Part I (January 1997), 44-5.

the Taiwan question by former U.S. Ambassador James Lilley.⁴⁷ Furthermore, in 1992, President Bush also approved the sale of F-16s which had previously been embargoed.⁴⁸

This perceived shift of support towards Taiwan was exacerbated in 1995, when President Clinton approved a visa request for President Lee to visit Cornell, after Secretary of State Warren Christopher had assured Beijing that the request would not be granted.⁴⁹ The granting of this request resulted in the deployment of 150,000 PRC troops to Fujian Province, missile tests – without warheads – into the waters surrounding Taiwan, a military exercise using live ammunition, and a military exercise including an amphibious landing.⁵⁰ The combination of all of these exercises at once leaves little doubt to the intention of those capabilities – reclamation of Taiwan by force – though not the intention of the exercises at that time. The demonstration of these capabilities resulted in participation by the United States, in the form of two aircraft carrier battle groups deployed to the region.⁵¹

2. Willingness to Defend Taiwan

Following the United States' recognition of the PRC in 1979 and subsequent de-recognition of the ROC on Taiwan, the U.S. Congress passed the Taiwan Relations Act (TRA) to further define the altered relationship between the United States and Taiwan. Prior to this, U.S. willingness to defend Taiwan was defined under the Mutual Defense Treaty, essentially ensuring defense cooperation. Subsequently, defense sales have been both supported and constrained – supported by the 1979 TRA, and constrained by the 1982 Shanghai Communiqué, which promises Beijing that the level of U.S. support for Taiwan's defense would decrease over time.⁵²

⁴⁷ Alan D. Romberg and Marshall M. Bouton, "The U.S. and Asia in 1991," *Asian Survey* 32, no. 1, A Survey of Asia in 1991: Part I (January 1992), 5.

⁴⁸ Nolt, "The China-Taiwan Military Balance."

⁴⁹ Tien, "Taiwan in 1995," 36.

⁵⁰ Chen, "The Taiwan Strait Crisis," 1055.

⁵¹ *Ibid.*, 1055.

⁵² "Background Note: Taiwan," *U.S. Department of State*, (March 2008), <http://www.state.gov/r/pa/ei/bgn/35855.htm>, (accessed March 18, 2008).

The United States has maintained that its paramount concern about the Taiwan question is that it is resolved peacefully.⁵³ Kenneth Lieberthal describes the U.S. policy regarding the Taiwan question as one of “dual deterrence and dual reassurance.”⁵⁴ The dual deterrence aspect is based on the ambiguity of U.S. military support. Beijing is deterred by possible interference by U.S. forces, while Taipei is deterred by the absence of a guarantee for support, depending on the actions that brought on Beijing’s use of force. The dual reassurance aspect balances the deterrence by reassuring Beijing that the United States will maintain its “one China” policy, while reassuring Taipei that the United States will not disregard its safety.⁵⁵ Washington has long promoted peaceful resolution of the issue and is opposed to unilateral actions by either side that jeopardizes peaceful resolution, and uses the above policy to help achieve that end.

The deployment of two aircraft carrier battle groups to the region during the Taiwan Strait Crisis at first seems to indicate that the United States is willing to commit forces to the defense of Taiwan. However, this demonstration is merely a direct representation of Washington’s policy described above. Taiwan had not, in any significant, clearly defined way, threatened the status quo in such a way that Beijing’s response was warranted; therefore, the United States sent a show of force. In order to not escalate tensions, the United States kept the carrier battle groups out of the Taiwan Strait, which happened to coincide with Beijing’s wishes.⁵⁶ Rather than demonstrating a commitment to Taiwan, Washington wished to demonstrate to both sides its continued commitment to a peaceful resolution.

C. MILITARY BALANCE BETWEEN PRC AND ROC

In this initial period of analysis, PRC modernization is underway, and the ROC continues to acquire U.S. technology. This section will detail significant production and

⁵³ Chen, "The Taiwan Strait Crisis," 1065.

⁵⁴ Kenneth Lieberthal, "Preventing a War Over Taiwan," *Foreign Affairs* 84, no. 2 (March-April, 2005), 53.

⁵⁵ *Ibid.*

⁵⁶ Chen, "The Taiwan Strait Crisis," 1055.

procurement by the PRC and ROC, and then evaluate the overall capability spread to determine which the military balance favored.

1. PRC Procurements and Development

The modernization of the PRC's military began in 1978 with Deng Xiaoping's announcement of the Four Modernizations. While modernization had been underway, albeit slowly as defense modernization was fourth in priority, 1991 is significant for the military balance not only because of the collapse of the Soviet Union, but also because of the Gulf War. Iraq at that time had more sophisticated equipment than the People's Liberation Army (PLA), yet the United States and the coalition forces had no trouble overwhelming even its advanced technology.⁵⁷

Some of the PLA's newest equipment was acquired from Russia in the early 1990s, including the Su-27 – on which the indigenously produced J-11 is based.⁵⁸ Aside from these purchases, the bulk of PLAAF assets were older J-5s and J-6s,⁵⁹ not nearly as capable and operationally available as the newer fighters. The PLA's strategic missile forces benefited from the development and deployment of the CSS-5 (also known as the DF-21) IRBM.⁶⁰ The PRC also purchased and received delivery of its first two Kilo Submarines from Russia as well as its first deliveries of the S-300 SAM system during this time period.⁶¹

While ability to acquire equipment and technology was increasing, the amount Beijing spent on defense was stagnating. Some authors, such as James Nolt, cite Beijing's decreased defense expenditure during this time frame as a diminishing military budget.⁶² This is shown not only by defense spending decreasing as a function of a

⁵⁷ Nolt, "The China-Taiwan Military Balance."

⁵⁸ Ibid.

⁵⁹ International Institute for Strategic Studies (IISS), *The Military Balance*, (London: Oxford University Press, 1996), 178.

⁶⁰ Ibid., 176.

⁶¹ SIPRI Trade Registers, http://armstrade.sipri.org/arms_trade/trade_register.php, s.v. "Suppliers: All; Recipients: China; 1985-2007; Weapon systems: All," (accessed May 18, 2008).

⁶² Nolt, "The China-Taiwan Military Balance."

rapidly growing GDP, but also in the estimated real defense expenditure. Evaluating defense spending as a percentage of GDP provides an indication of the proportion of government funds used for the military, and is provided in this thesis to ascertain spending trends.

During this time period, the PRC economy was growing at an average rate of close to ten percent,⁶³ yet the defense budget received a decreasing share of available funds, as depicted in the chart below:

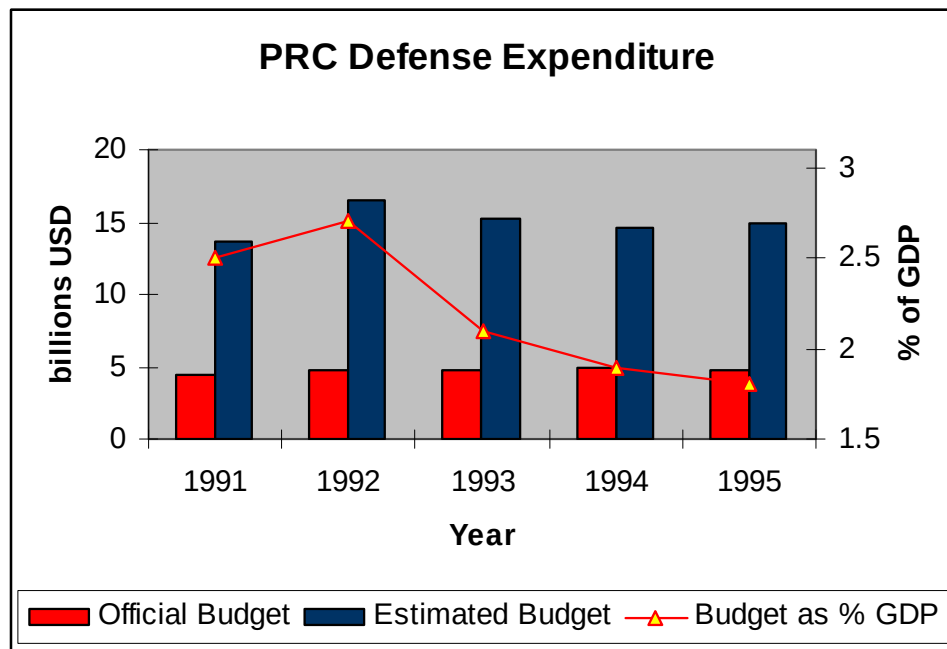


Figure 2. PRC Defense Expenditure, 1991-1995 ⁶⁴

It is difficult to determine the actual amount spent on defense, as lack of transparency has always been an issue with Beijing. The official budget announced by Beijing does not encompass everything related to defense; therefore, actual expenditure must be estimated.

⁶³ Wang Shaoguang, "The Military Expenditure of China, 1989-98," *SIPRI Yearbook 1999: Armaments, Disarmaments and International Security*, SIPRI, (Oxford University Press, 1999), http://www.sipri.org/contents/milap/milex/mex_china_milex_01.pdf, 349 (accessed May 14, 2008), 350.

⁶⁴ Data for estimated budget and GDP obtained from *The SIPRI Military Expenditure Database*, SIPRI: Stockholm International Peace Research Institute, http://first.sipri.org/non_first/milex.php, (accessed May 14, 2008), monetary values in 2005 U.S. Dollars. Data for official budget obtained from Wang, "The Military Expenditure of China," 349, monetary values in 1989 prices, with USD exchange extrapolated from table on 347.

One organization that provides this estimation is the Stockholm International Peace Research Institute (SIPRI). SIPRI's estimate takes into account expenditure in areas not covered by the official budget, such as the Peoples Armed Police (PAP), Research and Development (R&D), Testing and Evaluation (T&E), funds gained by exporting military equipment, and imports – as it assumed that many imports are covered under special assessments, rather than the defense budget.⁶⁵ This trend of decreasing spending is perhaps responsible for an increased a sense of security in Taipei.

2. ROC Procurements and Development

Prior to 1991, Taiwan had difficulty purchasing weapons directly due to embargos following formal recognition of the PRC by many of its former allies. While purchasing actual weapons was difficult, arms components were not restricted and many U.S. companies assisted the development of Taiwan's indigenous arms industry.⁶⁶ Following the Tiananmen Incident in 1989, relations between Beijing and Washington cooled, benefiting weapons procurement by Taiwan. President George H. W. Bush authorized the sale of F-16s and Harpoon missiles, both of which had previously been on the embargo list. From 1992 to 1995, Taiwan procured \$23 billion in arms from the United States as well as close to \$10 billion from France.⁶⁷ The following table provides a breakdown by year of weapons procured from the United States with associated values:

	<i>Item or Support Procured</i>	<i>Value</i>
1991	Modification kits for HAWK air defense system	\$170 million
	M60A3 Tanks	\$119 million
	97 SM-1 Standard air defense missiles	\$55 million
	Mk-46 Torpedoes	\$28 million

⁶⁵ Wang, "The Military Expenditure of China," 338-347.

⁶⁶ Nolt, "The China-Taiwan Military Balance."

⁶⁷ Ibid.

1992	150 F-16 A/B	\$5.8 billion
	3 Modified Air Defense System (MADS) units	\$1.3 billion
	Weapons, ammunition, and support for leased ships	\$212 million
	12 SH-2F LAMPS ASW helicopters	\$161 million
	207 SM-1 missiles	\$126 million
1993	4 E-2T Hawkeye AWACS	\$700 million
	12 C-130H transport aircraft	\$620 million
	Weapons, ammunition, and support for leased ships	\$238 million
	Mk-41 Vertical Launch System (VLS)	\$103 million
	38 Harpoon anti-ship missiles	\$68 million
1994	150 Mk-46 Mod 5 torpedoes	\$54 million
	80 AN/ALQ-184 electronic countermeasure (ECM) pods	\$150 million
	Mk-45 Mod 2 gun system	\$21 million
1995	6 Mk-75 shipboard gun systems	\$75 million
	6 Phalanx Close-In Weapon Systems (CIWS) – shipboard	

Table 1. U.S. Weapons Sales to Taiwan, 1991-1995⁶⁸

A majority of the weapons procured from the United States during this time period provide defense against an air attack. The VLS, CIWS, and standard missiles (SM-1) provide shipboard anti-air defense, and the E-2C Hawkeyes provide airborne early warning. This demonstrates that at least an initial attack by air is Taiwan's primary concern. Another interesting note is that only one major system was purchased to counter a PRC submarine threat, the Light Airborne Multi-Purpose System (LAMPS) helicopters and associated torpedoes, a trend that is worth following through the subsequent time periods.

Taiwan's military strategy also underwent a fundamental modification in the early 1990s as democratization gained momentum. According to Michael Chase:

...Taiwan's strategy shifted from emphasizing both offensive and defensive operations (*gongshou yiti*) to focusing exclusively on defense of the territory under the island's control (*shoushi fangyu*). This shift came as the ROC government formally abandoned all pretensions that it intended to retake the mainland. Taiwan's military strategy is now

⁶⁸ Raw data for table from Shirley Kan, *Taiwan: Major U.S. Arms Sales since 1990*, (2008), 50-51. Author modified some phrasing in column 2.

centered on the concepts of “effective deterrence” (*youxiao hezu*) and “resolute defense” (*fangwei gushou*).⁶⁹

This policy would eventually be amended again in 2000 to reflect greater emphasis on deterrence of action by the PRC.⁷⁰

Though Taiwan’s strategy changed, its defense budget remained fairly constant throughout this time period, despite a growing GDP, resulting in an overall decrease in real military spending. This trend is best illustrated in the following chart:

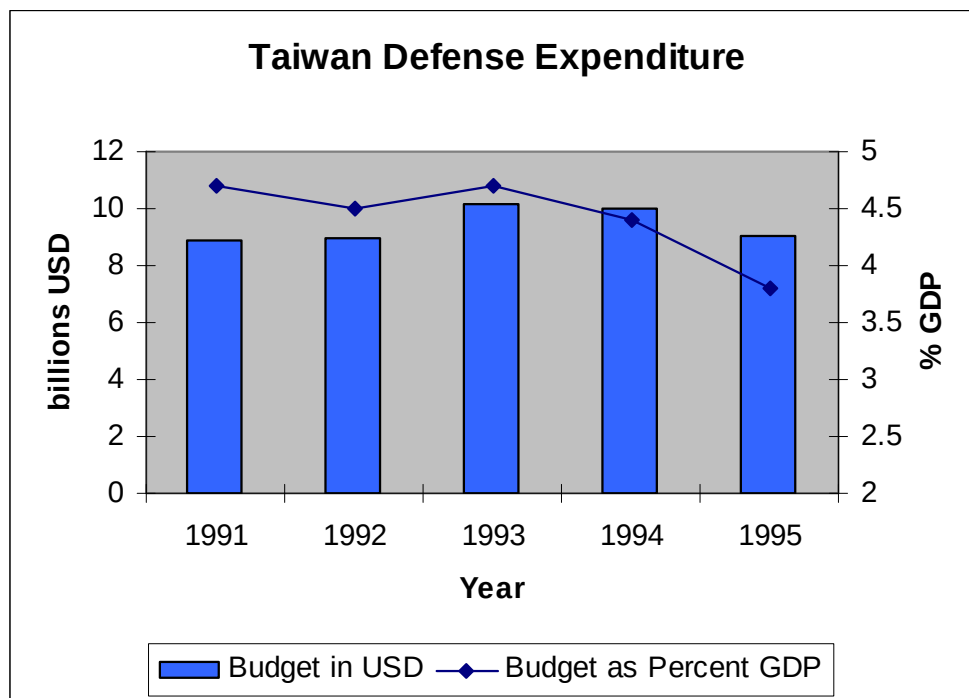


Figure 3. Taiwan Defense Expenditure, 1991-1995⁷¹

As part of an effective deterrence and resolute defense strategy, Taiwan also significantly overhauled its naval forces. Most of the ships have either been overhauled

⁶⁹ Michael S. Chase, "Defense Reform in Taiwan: Problems and Prospects," *Asian Survey* 45, no. 3 (May-June 2005), 364.

⁷⁰ Chase, "Defense Reform in Taiwan," 364.

⁷¹ Data for chart obtained from *The SIPRI Military Expenditure Database*, SIPRI: Stockholm International Peace Research Institute, http://www.sipri.org/contents/milap/milex/mex_data_index.html, (accessed May 4, 2008). Monetary values in 2005 U.S. Dollars.

following U.S. service, or indigenously built ships from U.S. designs.⁷² An updated naval force reflects an emphasis on blockade and amphibious assault defense and deterrence. Additionally, as also noted above, many of the ship-based weapons procured from the United States in the early 1990s directly support defense against air assets – such as the VLS with SM-2s and CIWS – a likely first-wave in a PRC assault on Taiwan.

3. Overall Capability Spread

One significant advantage Taiwan holds militarily over the PRC is airborne early warning. The United States delivered four E-2C Hawkeyes to Taiwan, and each aircraft is capable of tracking over two thousand aircraft, making it impossible for the PRC to launch an air attack without detection with just one E-2 in the air over Taiwan. While the PRC is pursuing AWACS capability as well with the Il-76 from Russia, Taiwan would still be favored in a conflict, as a defender with AWACS maintains the advantage by denying its enemy the element of surprise.⁷³

The purchase of 150 F-16A/Bs in 1992 led some critics to argue that Taipei needs to spend its funds on other defense requirements, rather than fighter aircraft, though an increase in advanced generation fighters certainly favors Taiwan in the cross-Strait balance.⁷⁴ Regardless of what Taipei spends its defense dollars on, one thing that is certain during this period is that compared with the military spending by Taipei, the PRC's real spending "stagnated" while the ROC's capabilities continued to increase.⁷⁵ Despite PRC modernizations, the military balance during this time period positively favors Taiwan.

D. CONCLUSION

The overarching trend for the in this period is liberalization and increasing democracy in Taiwan, which increases the ability of political parties to vocalize their

⁷² Nolt, "The China-Taiwan Military Balance."

⁷³ Ibid.

⁷⁴ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 19.

⁷⁵ Nolt, "The China-Taiwan Military Balance."

desire for independence. This trend in the first IV, ROC domestic politics, therefore had a positive effect on the DV, meaning the increasing liberalization contributed to an increase in pro-independence rhetoric. The United States, while dedicated to peaceful resolution of the issue, continued to provide weapons to support Taiwan's defense, with very little interference in Taiwan's internal politics. Therefore, the U.S. level of commitment will be coded as having a positive effect on relative security, as the DV was not restrained in any significant way by this IV during this time period. The final IV, the military balance will also be coded as positive, as Taiwan's continued advances in military equipment served to further widen the gap of capabilities between Taiwan and the PRC, keeping the military balance firmly in Taiwan's favor. While the PRC did make some progress, particularly in aircraft and missiles, Beijing had still not made defense modernization enough of a priority to truly gain an advantage over Taiwan, as evidenced best by the stagnation in spending.

While the DV did not lean significantly towards independence during this time period, it was considerably more so as compared to the prior regime. Perhaps the most significant change in the DV is the growing acknowledgement among Taiwan's leaders that Taiwan was, in fact, a separate entity. The early 1990s also witnessed the relinquishing of the ROC's claim as the legitimate government for all of China, which is, to some extent, a step toward independence. The leaders, however, did not use the opportunity to claim independence; rather, they supported the status quo – the ultimate determination of reunification or independence would be determined at a later date, and under circumstances that were to the benefit of the people of Taiwan.

The obvious success of Taiwan's democracy in the early 1990s brought about the unavoidable side-effect of Beijing feeling threatened with Taiwan's growing sense of independence. The first direct election for president, as well as the timing and approval of President Lee's trip to the United States were perceived as direct threats to Beijing's territorial sovereignty. This threat, combined with creeping advances in military capability, brought about the Taiwan Straits Crisis – in part, an attempt to sway the population of Taiwan away from pro-independence political leaders. The Taiwan Straits Crisis in itself served to remind the international system of the precariousness of

Taiwan's security and brought about changes to both U.S. policy and the policies of others internationally regarding Taiwan's defense.⁷⁶ The following chapter will provide a closer examination of these changes in policy and support, which will aid in the determination of the effect of Taiwan's security on its official independence policy.

⁷⁶ Cheng, "Taiwan in 1996," 47.

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III. 1996 - 2001: CRISIS TO ADMINISTRATION CHANGE

Following the election in March 1996, Beijing terminated the military exercises that created the Taiwan Strait Crisis and both sides expressed a desire to resolve their differences.⁷⁷ While the crisis was over, the underlying issues and causes had yet to be settled. Throughout the rest of President Lee Teng-hui's term, Taiwan continued its use of diplomacy to further its political goals. Officials in government traveled to potential supporters to boost Taipei's bid for UN membership.⁷⁸ Taiwan still pursued diplomatic recognition during this period, as well as UN membership, however most initiatives failed. Despite gaining diplomatic recognition from Macedonia and Palau in 1999 – bringing the total to twenty-nine official ties – international support for UN membership dropped to merely 13 states.⁷⁹

This time period saw increased participation in the democratic process, with Taiwan's multi-party democracy spawning additional parties, thus the political atmosphere is evaluated first. Second is the level of U.S. support and commitment to Taiwan's defense. Lastly, the military balance between the PRC and Taiwan is evaluated based on changes in spending and acquisitions for both governments following the Taiwan Strait Crisis. This period introduced changes in both the level of U.S. support and the military balance, particularly as the 2000 elections approached. The elections in 2000 brought changes to the administrations of both Taiwan and the United States, thus the period of evaluation ends with the ascension of the George W. Bush Administration in 2001.

A. ROC DOMESTIC POLITICS AND MOVEMENTS

The first direct presidential election in Taiwan made it possible for other nations to truly accept Taiwan as a democratic entity, if not as a state. This success did bring

⁷⁷ Chen, "The Taiwan Strait Crisis," 1056.

⁷⁸ Ibid., 1058.

⁷⁹ Jean-Pierre Cabestan, "Taiwan in 1999: A Difficult Year for the Island and the Kuomintang," *Asian Survey* 40, no. 1, A Survey of Asia in 1999 (January-February 2000), 177.

some foreign diplomatic visitors to Taiwan – such as the leaders of Senegal, El Salvador, Paraguay, and Honduras – as Beijing and Taipei still battled over which China deserved diplomatic recognition.⁸⁰ While democratic elections should have bolstered support, Taipei was losing more and more support on the international front. South Korea and Saudi Arabia had already severed ties, and South Africa took steps to follow suit in late 1996, leaving Taipei with full diplomatic recognition from only a few smaller South and Central American and African countries.⁸¹

President Lee began his first elected term by reaffirming his personal position on the “one China” principle, that there is not currently one China, but two separate sovereign states, and only after reunification would there be one China.⁸² Aside from this change in traditional KMT ideology, the other political parties also shifted stances slightly to attract voters. This section examines the goals and rhetoric of Taiwan’s political parties during this time period, and evaluates any changes to the official independence policy.

1. Blue-Green Politics

As the political parties in Taiwan branched out and splintered off, it became necessary to group the parties based on the primary difference in their political platforms – reunification versus independence. The pan-blue camp favors eventual reunification, though the individual groups do not always agree on how, while the pan-green camp is considered pro-independence.⁸³ While the KMT is primarily considered part of the pan-blue camp, the latter half of the 1990s showed President Lee creeping toward a pan-green, pro-independence stance. President Lee Teng-hui presented his “two-states theory” in 1999 which purported “special state to state relations” between Taiwan and the PRC.⁸⁴ The DPP, principal party of the pan-green camp, grew steadily throughout the

⁸⁰ Cheng, "Taiwan in 1996," 47.

⁸¹ Ibid., 48.

⁸² Chen, "The Taiwan Strait Crisis," 1058.

⁸³ Schubert, "Taiwan's Political Parties and National Identity," 534.

⁸⁴ “Upping the Ante,” *Far Eastern Economic Review* (FEER), (July 22, 1999), 18-19, quoted in Schubert, "Taiwan's Political Parties and National Identity," 540.

mid-1990s, solidifying itself as the primary opposition party, typically gaining thirty to forty percent of the vote, as well as gaining important local posts, such as when Chen Shui-bian was elected the mayor of Taipei in 1994.⁸⁵

In the 1998 elections for the Legislative Yuan, the KMT was able to reverse its downslide of the mid-1990s, and secure a firmer hold as the majority party. This trend was furthered with the election of KMT candidate Ma Ying-jeou as mayor of Taipei, defeating the incumbent DPP Chen Shui-bian.⁸⁶ Interestingly, Ma Ying-jeou succeeds Chen Shui-bian once again, this time as ROC president.

The DPP suffered more losses in 1998 than in the previous elections, but was still far from failing as a party. The New Party, however, only succeeded in acquiring just over seven percent of the Legislative Yuan votes, which left its actual number of seats at an even lower five percent.⁸⁷ The 1998 election also served to further solidify a new Taiwanese identity, in which Taiwan's needs come first, and ethnicity and ancestral lineage diminish in importance.⁸⁸

The year leading up to the 2000 presidential election did not go well for the KMT. President Lee Teng-hui openly challenged Beijing by making his theory of two states on either side of the Strait public. On German television, he compared the relationship between the ROC and PRC to the relationship between the two Germanys prior to reunification.⁸⁹ Fortunately, this increase in tension in 1999 did not spark an identical response from Beijing as did the challenges in 1995 and 1996; however it did cause a break in the ongoing, "semi-official" cross-Straits dialogue, which would prove difficult to resume under President Chen's administration.⁹⁰

⁸⁵ Clark, "Taiwan Elections."

⁸⁶ Yun-han Chu and Larry Diamond, "Taiwan's 1998 Elections: Implications for Democratic Consolidation," *Asian Survey* 39, no. 5 (September - October, 1999), 812.

⁸⁷ *Ibid.*, 817.

⁸⁸ *Ibid.*, 820.

⁸⁹ Cabestan, "Taiwan in 1999," 172.

⁹⁰ Denny Roy, *Taiwan Strait Update: Crisis Deferred*, Asia-Pacific Center for Security Studies, (February 2006), <http://www.apcss.org/Publications/APSSS/TaiwanStraitUpdate.pdf>, 5 (accessed May 4, 2008).

An additional issue that contributed to the DPP's win in the 2000 presidential election was the KMT internal conflict between Lien Chan and James Soong. As chairman of the KMT, President Lee chose Lien Chan as the party's candidate, leading James Soong, a highly popular candidate and KMT member, to run on an independent platform. Due to Taiwan's electoral system, which requires only a plurality of votes for the election of president, and the negative mudslinging between Soong and the KMT,⁹¹ Lien and Soong likely split the votes that either could have garnered on his own – giving DPP candidate, Chen Shui-bian the plurality of votes and the position of president.⁹²

2. Independence Policy

Following the demonstration of power by the PRC in 1996, the political parties in Taiwan all moved closer to the middle on the independence-reunification continuum, favoring the status quo until a decision would be made at a later date.⁹³ The DPP shifted slightly away from its desire for immediate independence, in favor of security, while the KMT, predominantly under Lee's leadership shifted closer to independence. This shift by the KMT is also represented by Lee's "two-states" theory, and only shifts closer to independence as the decade comes to a close. This shift in policy in the mid to late 1990s is best illustrated by Wu Yu-shan:

⁹¹ Clark, "Taiwan Elections."

⁹² Shelley Rigger, "The Democratic Progressive Party in 2000: Obstacles and Opportunities," *The China Quarterly*, no. 168 (December 2001), 946.

⁹³ *Ibid.*, 953; Chen, "The Taiwan Strait Crisis," 1058.

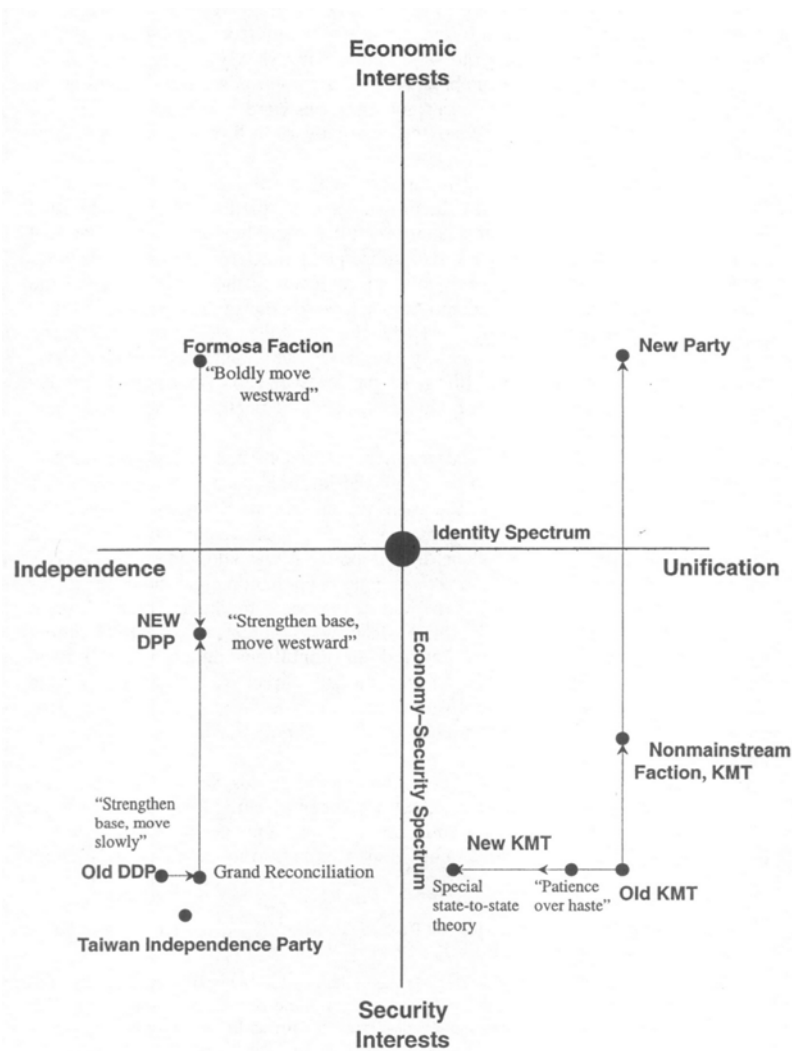


Figure 4. “Converging Policies toward the Mainland in the Mid to Late 1990s”
(From: Wu, “Taiwan’s Domestic Politics”)⁹⁴

This shift in political party focus caused many of the extremely pro-independence members of the DPP to splinter off and form the Taiwan Independence Party (TAIP), balanced on the other side of the spectrum by the pro-reunification New Party (NP).⁹⁵ The overall trend however shows that following the Crisis, the security of Taiwan was the primary concern, with Lee’s vocalized excursions toward independence increasing in frequency as the time period progressed.

⁹⁴ Wu, “Taiwan’s Domestic Politics,” 43. Figure reprinted verbatim from Wu who retains full copyrights.

⁹⁵ Clark, “Taiwan Elections.”

B. LEVEL OF UNITED STATES COMMITMENT TO ROC

Throughout this period, the United States continued to maintain its position of peaceful resolution. The Taiwan Strait Crisis did spark discussion regarding current U.S. policies, but different factions in Washington varied on the extent of assistance that should be provided. The following section will examine any changes in U.S. level of support, including Washington's willingness to defend Taiwan, and acceptance of political provocations.

1. Willingness to Defend Taiwan

Following the Taiwan Strait Crisis, President Clinton "reaffirmed America's 'one China' policy," and Secretary of State Warren Christopher further expounded:

This policy is good for the United States, the PRC, Taiwan, and the entire region. It has helped keep the peace on both sides of the Strait...[O]ur "one China" policy is predicated on the PRC's pursuit of a peaceful resolution of issues between Taipei and Beijing...[Additionally,] as Taiwan seeks an international role, it should pursue that objective in a way that is consistent with a "one China" policy.⁹⁶

Some factions in the United States, however, favor recognition of Taiwan and a revision of the "one China" policy. In 1996, Congress passed a non-binding resolution to "move beyond the Taiwan Relations act," by ending the policy of strategic ambiguity, allowing for unconditional support to defend Taiwan in the event of attack or blockade.⁹⁷ The non-binding resolution in actuality did little to change official U.S. policy.

In accordance with the 1982 Communiqué, Washington has assessed the value of arms purchased by Taiwan annually to ensure the annual value, or the "bucket," is decreasing.⁹⁸ Despite this restriction, following the Taiwan Strait Crisis, the Clinton Administration "quietly expanded the sensitive military relationship with Taiwan to

⁹⁶ Warren Christopher, "American Interests and the U.S.-China Relationship," *The Asia Society*, (May 17, 1996), <http://www.asiasociety.org/speeches/christopher.html>, quoted in Chen, "The Taiwan Strait Crisis," 1065.

⁹⁷ Chen, "The Taiwan Strait Crisis," 1065.

⁹⁸ Shirley A. Kan, *Taiwan: Annual Arms Sales Process*, Congressional Research Service, (June 5, 2001), 5.

levels unprecedented since 1979.”⁹⁹ Included in the increase in defensive equipment was a plan for Taiwan to receive early warning radars.¹⁰⁰ Other defense sales during this time period are detailed in the following discussion of the military balance, under section two, ROC procurements.

2. Support for Political Movements and Political Interventions

The previously perceived tilt toward support for Taiwan following the Strait crisis began to change in the late 1990s. Following President Lee Teng-hui’s vocalization of his “two-state” theory, in 1999, the United States placed the responsibility for increasing tensions in the Strait squarely on Lee. Through the public denouncement of Lee’s statements, it appeared that Washington had shifted toward accepting Beijing’s opinion of Lee and his ideas.¹⁰¹ Additionally, leading up to Lee’s comments, Washington had been placing increasing pressure on Taipei to negotiate with Beijing. Washington was urging an agreement between Taipei and Beijing to reduce tensions and increase stability in the region.¹⁰²

Washington’s criticism of Lee and his policies introduced a new phase in U.S.-Taiwan relations, one of political intervention to reduce tensions in the cross-Strait relationship. While still practicing the policy of strategic ambiguity, Washington began taking a more active role in limiting Taiwan’s provocations by publicly denouncing incendiary actions, thus influencing Taiwanese policy. This trend represents a decrease in level of U.S. support for Taiwan, and will only be shown to continue its descent in the subsequent decade.

C. MILITARY BALANCE BETWEEN PRC AND ROC

It is during this time period that the possibility of a shift in the cross-Strait military balance first becomes apparent. This section examines the development and

⁹⁹ Kan, *Taiwan: Annual Arms Sales Process*, 2.

¹⁰⁰ Ibid., 4.

¹⁰¹ Cabestan, “Taiwan in 1999,” 173.

¹⁰² Ibid., 173.

procurement of the PRC and the ROC during the late 1990s, and follows with a comparison of capabilities to determine the overall effect on the cross-Strait balance.

1. PRC Procurements and Development

After the stagnation of the early 1990s, the period following the Strait Crisis saw continued increases in the PRC's military budget even after accounting for inflation.¹⁰³ The chart below demonstrates the increase in defense spending:

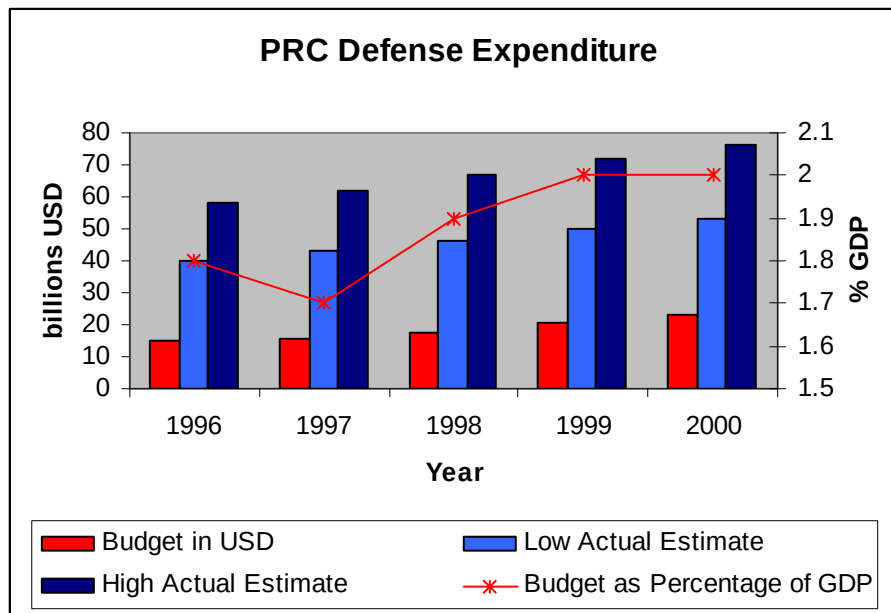


Figure 5. PRC Defense Expenditure, 1996-2000¹⁰⁴

The chart above demonstrates that not only did PRC defense spending increase overall after 1996, but it also increased as a percentage of a rapidly growing GDP. Numerous organizations and institutions provide estimates for actual PRC spending due to Beijing's lack of transparency. The high and low estimates in the chart above are from

¹⁰³ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 26.

¹⁰⁴ Data for chart obtained from Robert Hartfiel and Brian Job, *Raising the Risks of War: Defence Spending Trends and Competitive Arms Processes in East Asia*, (March 2005), http://www.iir.ubc.ca/site_template/workingpapers/Hartfiel-Job-WP44.pdf, 6-8, (accessed May 4, 2008); and OSD, *Military Power of the People's Republic of China*, 32.

the U.S. Department of Defense and “include projected expenses for strategic forces, foreign acquisitions, military research and development, and paramilitary forces.”¹⁰⁵

During this time period, the PRC agreed to purchase additional aircraft from Russia, namely the SU-30, which is comparable to the *Mirage 2000* used by Taiwan, and the F-15, F-16, and F-18 used by the United States. While the new aircraft – to be delivered in 2002 – may be on par with those in use in the region, Taiwan alone has five times the amount of sophisticated aircraft.¹⁰⁶ The PRC also agreed to buy two *Sovremenny* destroyers from Russia, which arrived in 2000.¹⁰⁷ The PLAN also continued work on the Type 093 submarine – comparable to the Russian Victor III – but it would not be complete by 2001. Another significant purchase from Russia that advanced the PRC’s submarine capabilities was four Kilo submarines, which being diesel-electric, are much quieter than the PLAN’s indigenously produced nuclear submarines.¹⁰⁸

2. ROC Procurements and Development

Taiwan had a significant technological lead over the PRC, and up through 2001, continued to acquire significantly more modern weapons than the PRC – updating warships, airplanes, missiles, and tanks. Taiwan’s Air Force, in this period, was far superior to the PLAAF. Taiwan overhauled its inventory in the late 1990s so that all of its 340 fighters are superior to the PRC’s most capable fighter, the Su-27.¹⁰⁹ The introduction of the Indigenous Defense Fighter (IDF) *Ching-Kuo* and the delivery of the *Mirage 2000* from France particularly furthered Taiwan’s air supremacy.¹¹⁰

¹⁰⁵ OSD, *Military Power of the People’s Republic of China*, 32.

¹⁰⁶ Nolt, “The China-Taiwan Military Balance.”

¹⁰⁷ Ibid.; Bernard D. Cole, *The Great Wall at Sea: China’s Navy Enters the Twenty-First Century* (Annapolis, MD: Naval Institute Press, 2001), 80.

¹⁰⁸ SIPRI *Trade Registers*, http://armstrade.sipri.org/arms_trade/trade_register.php, s.v. “Suppliers: All; Recipients: China; 1985-2007; Weapon systems: All,” (accessed May 18, 2008); Nolt, “The China-Taiwan Military Balance.”

¹⁰⁹ Nolt, “The China-Taiwan Military Balance.”

¹¹⁰ SIPRI *Trade Registers*, http://armstrade.sipri.org/arms_trade/trade_register.php, s.v. “Suppliers: All; Recipients: Taiwan; 1985-2007; Weapon systems: All,” (accessed May 18, 2008); International Institute for Strategic Studies (IISS), *The Military Balance*, (London: Oxford University Press, 2002), 165.

During the late 1990s however, Taiwan's defense expenditures began to decline more significantly than the early 1990s as illustrated in the chart below:

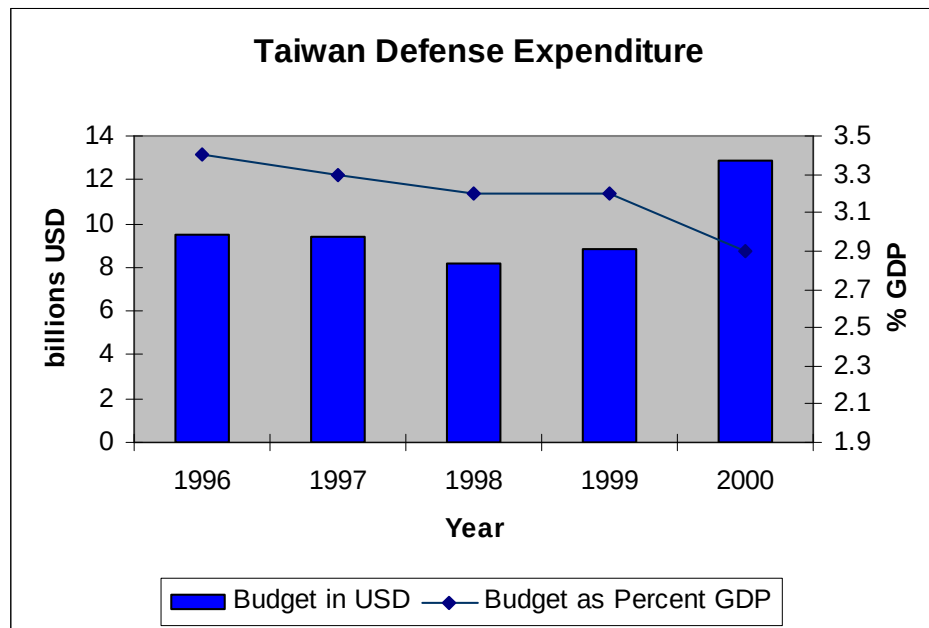


Figure 6. Taiwan Defense Expenditure, 1996-2000¹¹¹

As illustrated above, spending as a function of GDP also decreased steadily over this time, reflecting an overall decrease in the proportion of military spending as related to total government spending. The sharp increase in spending in 2000 is due to the fiscal year covering July 1999 to December 2000, an 18-month period.¹¹²

The United States was instrumental in Taiwan's acquisitions, including a plan for early warning radar systems and Patriot PAC-2 missile systems.¹¹³ The following table provides a breakdown of weapons procured from the United States and their associated value:

¹¹¹ Data for chart obtained from Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 27-8.

¹¹² Ibid., 28.

¹¹³ Kan, *Taiwan: Annual Arm Sales Process*, 4; Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 14.

	<i>Item or Support Procured</i>	<i>Value</i>
1996	1,299 Stinger SAMs, 74 Avenger vehicle mounted guided missile launchers, and 96 high-mobility multi-purpose wheeled vehicle (HMMWV)	\$420 million
	300 M60A3TTS tanks	\$223 million
	465 Stinger missiles and 55 dual-mounted launch systems	\$84 million
	110 Mk-46 Mod 5 Torpedoes	\$66 million
	30 TH-67 training helicopters and 30 AN/AVS-6 NVG sets	\$53 million
1997	21 AH-1W Super Cobra helicopters	\$479 million
	13 OH-58D Kiowa Warrior Armed Scout helicopters	\$172 million
	54 Harpoon anti-ship missiles	\$95 million
	1,786 TOW 2A anti-armor guided missiles, 114 TOW launchers, and 100 HMMWVs	\$81 million
1998	9 CH-47SD Chinook helicopters	\$486 million
	3 Knox-class frigates and 1 Mk-15 Phalanx CIWS	\$300 million
	61 dual-mount Stinger SAMs	\$180 million
	28 Pathfinder/Sharpshooter navigation/targeting pods for F-16s	\$160 million
	58 Harpoon anti-ship missiles	\$101 million
1999	131 Mk-46 Mod 5(A)S torpedoes	\$69 million
	2 E-2T Hawkeye AWACS	\$400 million
	5 AN/VRC-92E SINGARS radio systems, 5 Intelligence EW systems, and 5 HMMWVs	\$64 million
2000	240 AGM-114KS Hellfire II air-to-ground missiles	\$23 million
	Improved Mobile Subscriber Equipment (IMSE) communications	\$513 million
	146 M109A5 howitzers, 152 SINGARS radio systems	\$405 million
	71 RGM-84L Harpoon anti-ship missiles	\$240 million
	39 Pathfinder/sharpshooter navigation/targeting pods for F-16s	\$234 million
	200 AIM-120C AMRAAMs for F-16s	\$150 million
	48 AN/ALQ-184 ECM pods for F-16s	\$122 million
	162 HAWK intercept guided air defense missiles	\$106 million
	Upgrade of TPS-43F air defense radar to TPS-75V	\$96 million

Table 2. U.S. Arms Sales to Taiwan, 1996-2000¹¹⁴

As compared with the previous time period, the purchases from 1996 to 2000 no longer reflect a significant concern for air defense, at least until 2000, with the highly encouraged radar and air defense missiles. Much of the equipment procured from the

¹¹⁴ Raw data for table obtained from Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 51-2. Author modified some phrasing in column 2.

United States points toward defense against a ground attack and support of ground forces. The increase in purchases of torpedoes and frigates, as well as the large number of Harpoon missiles, reflects growing concern over PLAN submarine and surface assets.

3. Overall Capability Spread

As of 2000, the PRC's offensive capability was still rather limited. James Nolt, a Senior Fellow at the World Policy Institute specializing in East Asian relations, has published numerous papers and articles pertaining to PRC-ROC issues and military balance. In his January 2000 paper, "The China-Taiwan Military Balance," he conveyed his opinion that though the PRC could certainly harass Taiwan, a full-scale invasion was not likely to succeed.¹¹⁵ Even harassment options are not likely to have a decisive outcome, as a blockade or missile attacks would not be effective in forcing a resolution.

The main issue preventing a PRC military victory over Taiwan is a quality gap. Taiwan's equipment is much more advanced and of a higher quality than that of the PRC, giving Taiwan a distinct advantage, even without U.S. support. Additionally, the PRC's strength and capability up through 2000 was in the PLA ground forces, which would have to cross the Taiwan Strait and conduct a successful amphibious landing prior to being effective. The PRC does not have the sea transport capability to cross the Taiwan Strait with its plentiful troops and supplies, nor does the PLAAF have a sufficient capability to transport troops, not to mention that it would take significant suppression of anti-air defenses for even an attempt. In any scenario, the build-up of troops on Taiwan would not be fast enough to prevent Taiwan's twenty-four division army from successfully resisting.¹¹⁶

What Taiwan does lack is submarines, as U.S. nuclear submarines are not exported, and are too expensive regardless, and European powers are hesitant to rile the PRC by selling their technology to Taiwan. This is an advantage for the PRC, as the

¹¹⁵ Nolt, "The China-Taiwan Military Balance."

¹¹⁶ Ibid.; David Shambaugh, "A Matter of Time: Taiwan's Eroding Military Advantage," *The Washington Quarterly*, (Spring 2000), <http://www.brookings.edu/views/articles/shambaugh/2000quarterly.pdf>, 122, (accessed March 6, 2008).

Anti-Submarine Warfare (ASW) capabilities of the PRC are limited, while Taiwan's ASW capabilities are significant. According to James Nolt:

Taiwan has 32 land-based ASW aircraft to [the PRC's] four (plus four obsolete flying boats). Nearly all of Taiwan's 37 major warships carry a helicopter and all 24 new frigates are equipped with towed sonar, whereas only nine PLAN warships carry a helicopter and even less have towed sonar.¹¹⁷

This difference in capabilities helps to keep the submarine impact balanced, as Taiwan is able to effectively defend against the PRC's growing submarine fleet, while the PRC does not have to be concerned about ASW capabilities as much due to Taiwan's difficulty procuring submarines.

Taiwan at this time was also planning on purchasing four Aegis destroyers, which have far superior anti-air capabilities to anything in the PRC's inventory.¹¹⁸ While the PRC was planning on procuring two *Sovremenny* destroyers from Russia, the abilities of the *Sovremenny* would be somewhat balanced by the Aegis destroyers, as the destroyers can link with other assets in order to maintain sufficient stand-off from *Sovremenny* destroyers. In 2000, however, while the Clinton administration chose to sell precision-guided missiles and ground-based early warning radar, it decided not to sell Aegis destroyers or P-3Cs until Taiwan's credible needs could be evaluated.¹¹⁹

The balance of power during this time period still favored Taiwan over the PRC, though the capabilities pursued by the PRC throughout this time period indicate that the PRC was beginning to close the gap. The relative decrease in defense spending by the ROC as compared to the PRC, as well as the comparative abilities of weapons systems produced and procured demonstrate the narrowing of the gap. Despite this narrowing, nuclear weapons remained the PRC's only option to unquestionably recover Taiwan – the outcome would certainly be undesirable, as the island would be left uninhabitable.¹²⁰

¹¹⁷ Nolt, "The China-Taiwan Military Balance."

¹¹⁸ Ibid.

¹¹⁹ Michael E. O'Hanlon, "Can China Conquer Taiwan," *International Security* (Fall 2000), http://www.brookings.edu/views/articles/ohanlon/2000fall_IS.htm (accessed July 26, 2007).

¹²⁰ Nolt, "The China-Taiwan Military Balance."

D. CONCLUSION

The trends throughout this time period demonstrate increasing democratic liberalization which was furthered by the uniquely democratic characteristic of accountability,¹²¹ causing electorates to affect the goals and at times the ideals of their political parties. While all of the parties in the pan-green camp favored independence, the degree to which they did so was fettered by a desire to gain votes in elections. The moving to the middle by the two big parties likely contributed to DPP's success in 2000. The overall trend for this IV is neither completely positive nor negative during this time period. The DPP backing away from independence rhetoric is definitely negative; however, President Lee's growing talk of sovereignty reflects a positive trend for the IV. This period will therefore be coded as being negative at the beginning and becoming more positive as it progressed.

The level of U.S. support throughout this period shifted as well. At first, following the Strait Crisis, Washington strove to ensure Taiwan's ability to defend itself. While this support was perhaps an effort to avoid U.S. involvement in a conflict, it definitely supported Washington's policy regarding the peaceful resolution of the Taiwan question. The United States also, for the first time since Taiwan's democratic transition, actively influenced Taiwan's actions by denouncing Lee's "two-states" theory as provocative and a unilateral measure to alter the status quo, an action Washington does not support. This demonstrates an overall negative trend through this time period in the IV, as the period started with significant support, but decreased throughout.

Coincident with both the introduction of wavering support and increasing vocalization by Taiwan's political parties and leaders, the PRC increased spending and started gaining strength. While this growth did not take tip the balance away from Taiwan, it will be coded as less positive than the previous chapter, as the PRC was closing the gap. The Taiwan Strait Crisis is also significant in the coding of this IV, as

¹²¹ Jörn Dosch, "Making Foreign Policy: The Impact of Democratization," *The Changing Dynamics of Southeast Asian Politics* (Boulder: Lynne Rienner, 2007), 22.

the show of force at the beginning of this evaluation period definitely had a negative impact on the DV and Taiwan's domestic politics IV.

Taiwan's independence policy (DV) still changed very little during this time; however the movement of the parties to the center of the independence-reunification continuum demonstrates that the actions taken by the PRC during the Taiwan Strait Crisis did serve to affect Taiwan's domestic politics and thus the official policies its leaders promoted. Though the shift trends noted above in the IVs started in the late 1990s, the subsequent chapter will show the continuation of each of these trends and determine their effect on Taiwan's independence policy.

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IV. 2001-2007: THE CHEN ADMINISTRATION

The year 2001 is significant as a starting point for the final period of analysis not only due to the ascension of Chen Shui-bian and the DDP to the presidency in 2000, but also due to the inauguration of the George W. Bush Administration in Washington in January 2001. Initial indicators pointed to a favorable lean in Washington towards Taiwan, and with pro-independence forces in control of the presidency it seemed Chen would be able to institute his goals. However, President Chen Shui-bian and the DPP discovered very quickly upon taking office that the position of president was not the powerful position they thought it would be. The source of the KMT's successful consolidation of power was in holding the position of president, while enjoying a political majority in the Legislative Yuan.¹²² This severely limited President Chen's ability to directly influence ROC policy.

The domestic politics within Taiwan shifted yet again during this time period, particularly with the addition of two other parties. An examination of these shifts in policy and rhetoric of the parties and politics overall provides some insight to the factors that affected these shifts. The changing level of U.S. support is evaluated next, as an initially favorable administration in Washington changed rather rapidly, due both to international events and tensions created by Taipei. The extent and import of these shifts assists in determining their affect on Taiwan's independence policy. Lastly, the military balance between the ROC and PRC is evaluated, as the PRC's increase in spending in the late 1990s begins to translate into an increase in capability as this time period begins. This growth is examined with regards to the ROC's inability to work out political differences to ensure adequate defense. The evaluation of the interconnectedness of these three independent variables provides a clearer picture of how each affected Taiwan's independence policy, as well as the other variables.

¹²² Rigger, "The Democratic Progressive Party in 2000," 944.

A. ROC DOMESTIC POLITICS AND MOVEMENTS

President Lee was unable to form a cohesive KMT policy prior to the 2000 presidential election, resulting in the loss of the election, and the lack of a unified party position. This section evaluates the continuing challenges in Taiwan's pan-blue versus pan-green domestic politics – reunification versus independence – and assesses the overall impact of the DPP's leadership on Taiwan's independence policy.

1. Pan-Blue Political Parties, Goals, and Rhetoric

Lee's successor as KMT chairman, Lien Chan, proposed a confederation as a solution to the Taiwan Question, as opposed to merely reunification. This proposal would provide for "separate jurisdiction" for each state, while joining them under a "common roof" – considerably more independent than the "one country, two systems" in operation in Hong Kong and favored by Beijing for Taiwan.¹²³ Following Beijing's subsequent opposition to Lien Chan's proposal, the KMT reverted to the approach of the *Guidelines for National Unification* established in 1991. What emerges is a policy of "Taiwan-first," that if reunification occurs, it will be decided by the people of Taiwan, and not to the detriment of its citizens.¹²⁴ With the New Party (NP) slowly fading away, the KMT alone maintains a positive outlook of reunification, while still looking for methods that benefit Taiwan above all else. Most importantly, however, is that the KMT still promotes ties with the PRC, a policy component that is significantly lacking in the DPP.

Even though its policies are not as strict on reunification as they used to be, the NP continues to lose voters. Still promoting reunification, it increasingly looks for a course allowing more diplomatic freedom than "one country, two systems" would provide.¹²⁵ Gunter Schubert summed up the NP's official reunification policy as:

¹²³ Schubert, "Taiwan's Political Parties and National Identity," 541.

¹²⁴ Ibid., 542.

¹²⁵ Ibid., 546.

Taiwan's future is unification with China, but this must not happen to the detriment of Taiwan's political and economic liberties. Unification is contingent upon China's democratic development and can only be a result of gradual rapprochement between the two sides. The "one country, two systems" formula can be negotiated, but it is not a precondition to any final deal.¹²⁶

It is perhaps this inability to effectively declare an official posture that is causing the NP to lose followers and collapse as a political party.

Following the 2000 presidential election, the KMT and NP were joined in the pan-blue camp by the People's First Party (PFP) – formed by the 2000 independent presidential candidate James Soong.¹²⁷ The PFP attempts to stay in the center on most issues it recognizes the history and "consciousness" of Taiwan, while maintaining the cultural and historical roots between Taiwan and the mainland. Additionally, it calls for recognition of the one-China principle in Taiwan, while encouraging flexibility on the part of Beijing for interpretation of separate governments, in much the same way as the European Union. This policy attempts to strengthen ties with the mainland while maintaining national identity.¹²⁸ While playing a large role for most of the decade, the PFP has largely merged back into the KMT following the retirement of James Soong as chairman, though some candidates in the recent elections still ran on a PFP ticket.¹²⁹

The KMT has also taken actions in recent years to further relations with Beijing directly. Lien Chan, as well as other KMT politicians, have visited Beijing to further trade and communication.¹³⁰ This new policy of the KMT serves to not only increase the economic ties and subsequent growth, but also promotes stability in the region. As Kerry Dumbaugh notes, "the KMT has portrayed itself as a more responsible steward than the DPP for Taiwan's future" and further, blames the DPP for increased tensions and

¹²⁶ Schubert, "Taiwan's Political Parties and National Identity," 547.

¹²⁷ Ibid., 543.

¹²⁸ Ibid., 543-544.

¹²⁹ "Background Note: Taiwan"

¹³⁰ Ross, "Taiwan's Fading Independence Movement," 145.

promises to pursue a “policy of engagement.”¹³¹ The KMT’s policy of engagement would not only ease tensions, but also increase economic ties that are currently limited.

2. Pan-Green Political Parties, Goals, and Rhetoric

A newcomer to the pan-green coalition, the Taiwan Solidarity Union (TSU), was founded in 2001 and is essentially the Lee Teng-hui version of the KMT. The TSU, like many of the parties, puts the interests of the Taiwanese people first, but does refute the “one China” principle.¹³² According to Shelley Rigger, the TSU was formed by Lee “for the express purpose of helping Chen govern effectively,” which it did by increasing the total number of pan-green seats in the LY in December 2001.¹³³

The DPP has been criticized since the election of President Chen Shui-bian for jeopardizing the status quo. For the first few years of Chen’s presidency, the status quo was maintained, however just prior to the 2004 elections, President Chen promoted the adoption of a new constitution. Considering the DPP’s official platform is “one China, one Taiwan,” the status quo was definitely threatened.¹³⁴ In 2004, President Chen Shui-bian decided to hold a referendum along with the presidential election. While this was a dramatic step forward for democracy in Taiwan, the referendum asked the public to vote on whether Taiwan should insist that the PRC give up its claimed right to use force – an action easily viewed as a step toward independence.¹³⁵

The Referendum Law itself that led up to the 2004 defense referendum also caused much consternation between the two camps. The KMT-PFP coalition preferred a “prescribed” referendum, which would be subject to laws and procedure, ensuring due process over the life of a particular referendum. The DPP, on the other hand, preferred a more “discretionary” referendum which would allow the public or leaders to call for

¹³¹ Dumbaugh, *Taiwan : Recent Developments and U.S. Policy Choices*, 4.

¹³² Schubert, "Taiwan's Political Parties and National Identity," 552-3.

¹³³ Rigger, "Taiwan in 2002," 42.

¹³⁴ Schubert, "Taiwan's Political Parties and National Identity," 548.

¹³⁵ Mily Ming-Tzu Kao, "The Referendum Phenomenon in Taiwan: Solidification of Taiwan Consciousness?" *Asian Survey* 44, no. 4 (July - August 2004), 592.

referendums at will.¹³⁶ The pan-blue camp was quick to call attention to the DPP's proposal as a means to declare independence at any time. The KMT-PFP proposal additionally did not allow government agencies to call for referendums, effectively preventing the DPP from superseding the Legislative Yuan by calling for a popular vote.¹³⁷ The pan-blue coalition succeeded in limiting the DPP with the final version of the Referendum Law, by denying referendums pertaining to "sovereignty, territory, and a new constitution." Additionally, the Law also forbids referendums to change the "country's name, flag, and national anthem."¹³⁸

After President Chen Shui-bian and the DPP won the presidency again in 2004, they continued provoking the PRC. In response to the PRC's passing of the anti-succession law in March 2005 and the DPP's defeat in the December 2005 elections, President Chen "announced that the National Unification Council...would 'cease to function' and that the National Unification Guidelines...would 'cease to apply.'"¹³⁹ In addition to refusing to clarify that the Council and Guidelines were not entirely abolished, as Washington demanded, Chen followed only two months later with the assertion that:

For the past 50 years, it has been abundantly clear to the world that there is only one China. Indeed, there is only one China, a totalitarian China. But at the same time, there is also a democratic Taiwan. For the past half-century, the status quo in the Taiwan Strait has been that there is one democratic Taiwan and one totalitarian China, and neither of these two has had effective jurisdiction over the other. Each has its own national moniker, national flag, constitution, government, armed forces, and judicial system. Indeed, they are two separate countries.¹⁴⁰

The DPP and President Chen view Taiwan as a "*de jure* sovereign state," meaning that independence does not need to be declared, as it is already independent.¹⁴¹ While some

¹³⁶ Kao, "The Referendum Phenomenon in Taiwan," 595.

¹³⁷ Ibid., 597.

¹³⁸ Ibid., 599.

¹³⁹ Romberg, "The Taiwan Tangle," 1.

¹⁴⁰ Ibid., 13-14.

¹⁴¹ Kao, "The Referendum Phenomenon in Taiwan," 609.

in the pan-green camp, former president Lee Teng-hui included, favor immediate moves towards *de jure* independence, senior DPP officials wish to avoid losing U.S. support and retribution by the PRC.¹⁴²

President Chen and other pan-green allies have tried to use the DPP presidency to solidify Taiwan's sovereign identity due to concerns of political power after the elections in 2008.¹⁴³ The DPP has taken action to increase membership in international organizations, such as the WHO, as a "normal country," including a referendum to join the UN under the name of "Taiwan."¹⁴⁴ It appears that the public has spoken however, both by its lack of positive participation in the UN referendums and by the election of Ma Ying-jeou on March 22, 2008.¹⁴⁵

In the year prior to the 2008 presidential election, another sovereignty issue arose with the discussion over the route of the Olympic torch on its way to Beijing. Taipei rejected the route chosen by the International Olympic Committee (IOC) as Beijing used "Taiwan, China" rather than Taiwan's official Olympic name – Chinese Taipei.¹⁴⁶ The inability to resolve the wording and routing satisfactorily for both sides resulted in the Olympic Torch bypassing Taiwan.¹⁴⁷

3. Independence Policy

The convergence of the parties in the middle of the independence-reunification continuum seen in the late 1990s, leading up to the 2000 election, was drastically reversed leading up to the 2004 election. According to Wu Yu-shan, each of the parties

¹⁴² *China and Taiwan: Uneasy Détente*, 6.

¹⁴³ *Ibid.*, 5.

¹⁴⁴ Brown, "China - Taiwan Relations: Dueling in the International Arena," 94; David G. Brown, "China - Taiwan Relations: More Small Steps," *Comparative Connections* 8, no. 3 (2006), <http://www.csis.org>, (accessed July 26, 2007).

¹⁴⁵ Kerry Dumbaugh, *CRS Report for Congress: Taiwan's 2008 Presidential Election*, (April 2, 2008), http://assets.opencrs.com/rpts/RS22853_20080402.pdf, 1-2 (accessed April 3, 2008).

¹⁴⁶ Brown, "China - Taiwan Relations: Dueling in the International Arena," 94.

¹⁴⁷ "Torch Relay Calendar," *The Official Website of the Torch Relay*, <http://torchrelay.beijing2008.cn/en/journey/calendar/index.shtml>, (accessed March 31, 2008).

“repositioned themselves on the mainland China policy map to maximize their votes.”¹⁴⁸ Even the KMT established themselves on the independence side of the map, or at a minimum in the self-determination camp. While the parties adjusted rhetoric to aid in winning the election in 2004, the actual official policy on independence did not change. However, this period does represent the most pro-independence period to date. With the KMT shifting toward a pro-independence stance, the driving forces behind Taiwan’s independence policy were certainly leaning more toward independence, if not actually changing policy. Wu Yu-shan’s illustration below demonstrates this shift in party ideology toward independence just prior to the 2004 elections and referendum:

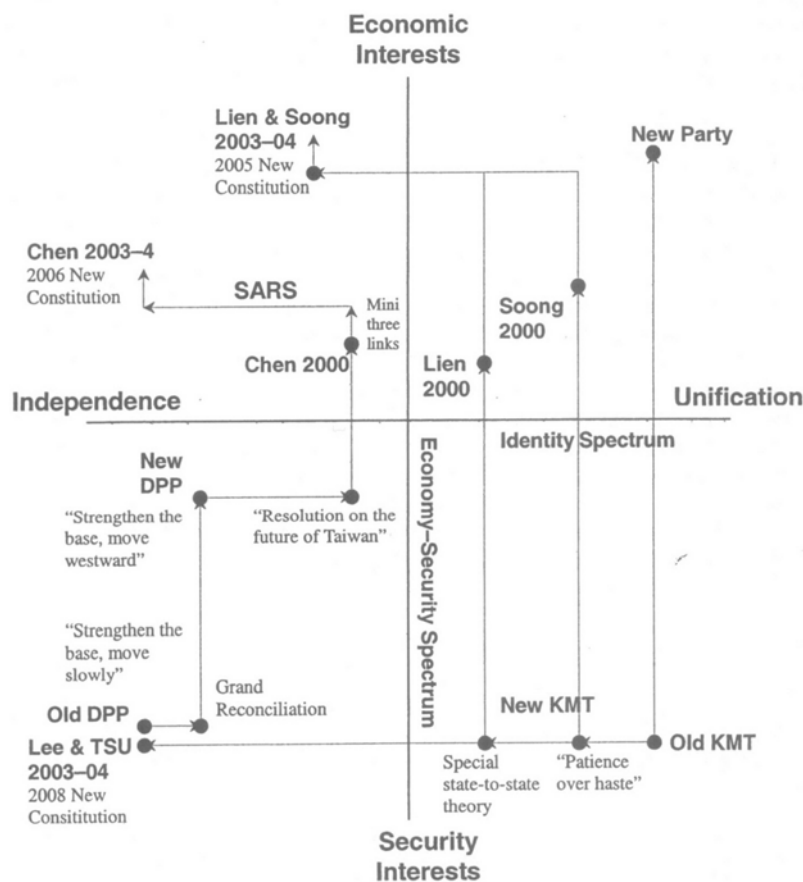


Figure 7. “Racing toward Referenda, 2003-04” (From: Wu, “Taiwan’s Domestic Politics”)¹⁴⁹

¹⁴⁸ Wu, "Taiwan's Domestic Politics," 47.

¹⁴⁹ Ibid., 52. Figure reprinted verbatim from Wu who retains full copyrights.

Under DPP leadership, Taipei continued to practice pragmatic diplomacy and pursue membership in international organizations. Taiwan was accepted into the WTO in January 2002 as a separate customs territory, under the name “Chinese Taipei” – following the accession of the PRC in December 2001 in accordance with Beijing’s wishes to be accepted before Taiwan.¹⁵⁰ Many actions taken to increase international representation throughout this time period seem provocative, though Taipei had always attempted to join international organizations. What makes the attempts in this most recent time period unique is the Taipei’s increasing insistence to apply for membership under the name of Taiwan, rather than names that do not infer sovereignty. These and other actions by the DPP, such as the 2004 referendum, represent excursions toward independence; however President Chen always stopped short of changing the official independence policy. The following section will illuminate this finding further, as the effect of the level of U.S. support on Taipei’s actions is evaluated.

B. LEVEL OF UNITED STATES COMMITMENT TO ROC

As noted above, Washington continues to have a significant impact on actions by Taipei. This section examines stresses on the U.S.-Taiwan relationship, such as the 2001 defense package and political interventions to reduce tensions caused by Chen Shui-bian, and their resulting impact on U.S. willingness to defend Taiwan.

1. Status of 2001 Defense Package

A defense package for Taiwan approved by the Bush Administration in 2001 included: diesel submarines, P-3C Orion ASW aircraft, Mk-48 torpedoes, Harpoon submarine-launched anti-ship cruise missiles, howitzers, amphibious assault vehicles (AAVs), electronic counter-measures (ECM) systems for existing F-16s, MH-53 helicopters for minesweeping, and four decommissioned Kidd-class destroyers.¹⁵¹ The Aegis destroyers were deferred again along with the decision on M1A2 Abrams tanks

¹⁵⁰ Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 12.

¹⁵¹ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 7.

and AH-64 Apache Longbow helicopters – though the tanks were approved later in 2001, and the helicopters were approved in 2002.¹⁵²

Other parts of the package also began the LY approval process one at a time. In 2003, after negotiating a fifteen percent price decrease with the U.S. Navy, the LY granted the funds for purchasing four Kidd-class destroyers, which were delivered in 2005 to 2006.¹⁵³ The requested diesel submarines had a number of issues, not the least of which being that the United States does not operate or manufacture diesel submarines. The main issue came down to the price of the submarine package, and Taiwan's desire to build new, rather than obtain decommissioned submarines, to foster domestic participation.¹⁵⁴ For defense against the PRC's SRBM battery across the Strait, the LY approved – after much negotiation and price cuts – spending for upgrades to the existing Patriot PAC-2 system and in December 2007, funding for four PAC-3 systems.¹⁵⁵

Throughout this time period, the 2001 defense package was a source of constant tension between Washington and Taipei.¹⁵⁶ The package was repeatedly blocked by pan-blue legislators.¹⁵⁷ In June 2007, the LY finally included at least initial procurements of the defense package in the budget, including P-3C Orion aircraft, upgrades to the Patriot missile system, and research into procurement of diesel submarines.¹⁵⁸ Taiwan's delay in processing the arms package damaged Taiwan's credibility and led some in Washington to feel that Taiwan is not committed to its own defense, while officials in Taipei retort that only Taipei can decide which weapons it needs from the United States.¹⁵⁹

¹⁵² Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 7-8.

¹⁵³ Ibid., 9

¹⁵⁴ Ibid., 9-11.

¹⁵⁵ Ibid., 15-6.

¹⁵⁶ Dumbaugh, *Taiwan : Recent Developments and U.S. Policy Choices*, 8.

¹⁵⁷ Brown, "China - Taiwan Relations: Continuing to Inch Forward."

¹⁵⁸ Brown, "China - Taiwan Relations: Dueling in the International Arena," 97.

¹⁵⁹ Chase, "Defense Reform in Taiwan," 380; Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 9; Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 19.

2. Support for Political Movements and Political Interventions

The United States was very supportive of Taiwan during the first couple of years of Chen's presidency. While major items, such as an official visit and free trade agreement were put off by Washington, the Bush administration continued to express strong support for Taiwan.¹⁶⁰ This goodwill did not last long due to Chen's inability to consolidate the legislature to buy arms from the United States, and his 2002 remarks about relations between the PRC and the ROC. Chen threatened that Taiwan would "go its own way," then further described the situation as one "country on each side" of the Taiwan Strait.¹⁶¹ While Washington maintains a policy of strategic ambiguity, President Chen's remarks begged reproach; and the quick actions taken by U.S. officials helped alleviate much of the unnecessary increase in tension.¹⁶²

The Bush administration has been increasingly apprehensive with political movements and strategies in Taiwan, as President Chen's more aggressive moves hinder U.S. policy options.¹⁶³ The eagerness of the Bush Administration to support Taiwan has been waning. Though a close relationship with Taiwan is still desirable, Kerry Dumbaugh reports that "U.S. officials now appear to be balancing criticisms of the PRC military buildup opposite Taiwan with periodic cautions and warnings to the effect that U.S. support for Taiwan is not unconditional, but has limits."¹⁶⁴

Washington continued its suppression of Chen Shui-bian following the contentious presidential election in 2004. All of the parties had begun promoting a new constitution and self-determination of Taiwan, but Washington was quick to act to maintain the status quo. As Wu Yu-shan points out, "[a]s Chen's presidential campaign deviated into the

¹⁶⁰ Rigger, "Taiwan in 2002," 46.

¹⁶¹ Ibid., 47.

¹⁶² Yun-han Chu, "Taiwan's National Identity Politics and the Prospect of Cross-Strait Relations," *Asian Survey* 44, no. 4 (July - August, 2004), 494; ICG Staff, *China and Taiwan: Uneasy Détente*.

¹⁶³ Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 4.

¹⁶⁴ "There are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution." Testimony of Assistant Secretary of State James A. Kelly before the House International Relations Committee, Apr. 21, 2004, quoted in Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 14.

‘forbidden zone’, U.S. officials began to raise their voices and issue statements of disapproval.”¹⁶⁵ Following his reelection, Chen quickly made moves to alleviate tensions across the Strait and reconcile with the Bush Administration.

In 2007, President Chen continued to induce tension in U.S.-Taiwan relations by announcing his “four wants:” “independence, an official name change to ‘Taiwan,’ a new constitution, and greater economic development.”¹⁶⁶ The Chairman of the DPP followed this announcement by stating that Taipei should abandon Chen’s “five noes” pledged in 2000. Officials in Washington were quick to respond and cautioned Chen to uphold his commitments, and have stated opposition to any moves that would appear to alter the status quo.¹⁶⁷

Throughout this time period, Taiwan has continued its pursuit of membership in a multitude of organizations, but support from the United States varies and is not always guaranteed. For example, Washington supported Taipei’s membership in the WTO, to which it was accepted in 2002, and many in Congress support an “observer” status in the World Health Organization (WHO) – particularly following the SARS and avian flu outbreaks.¹⁶⁸ In 2007 however, leading up to the 2008 presidential election, President Chen introduced two initiatives that were not supported by the United States. Chen applied for membership to the WHO yet again, however this time the request was for regular membership as “Taiwan,” rather than observer status as in previous attempts. Not surprisingly the World Health Assembly (WHA) denied Taiwan’s request 148-17. The United States, which had typically supported observer status for Taiwan voted against the initiative due to its “one China” policy.¹⁶⁹ The second initiative was a referendum for the public to vote on whether Taiwan should apply for membership to the UN as “Taiwan,” which the United States also would not support.¹⁷⁰

¹⁶⁵ Wu, "Taiwan's Domestic Politics," 57.

¹⁶⁶ Dumbaugh, *Taiwan : Recent Developments and U.S. Policy Choices*, 5.

¹⁶⁷ *Ibid.*, 5-6.

¹⁶⁸ *Ibid.*, 15.

¹⁶⁹ Brown, "China - Taiwan Relations: Dueling in the International Arena," 95.

¹⁷⁰ *Ibid.*, 95-6.

3. Willingness to Defend Taiwan

A number of indicators seemed to point to a change away from “strategic ambiguity” early in the George W. Bush Administration. First and foremost was a public statement by President Bush in 2001 that “the United States would do ‘whatever it took to help Taiwan defend herself.’”¹⁷¹ Shortly following this statement, relations seemed to continue to warm with the observation of military exercises by U.S. military personnel in 2001 and the stationing of U.S. military personnel, including a defense attaché, in Taiwan in 2002. This level of cooperation had been nonexistent since 1979.¹⁷² The Bush Administration also granted Taiwan’s Defense Minister a visa in 2002, yet another first, as no ROC defense minister had been granted a visa, other than for transit, since 1979.¹⁷³

The United States has increased its military representation at Taiwan’s military exercises since 2001; to not only advise on training issues, but also in an effort to coordinate maneuvers and evacuations in the event of U.S. participation in a Taiwan Strait conflict.¹⁷⁴ Most troubling however, is the increasing appearance that Taiwan lacks the motivation to increase its own defense capabilities – leaving the United States as the sole source of momentum behind its advancements.¹⁷⁵

Following President Chen Shui-bian’s termination of the NUC and its Guidelines in February 2006, Washington demanded clarification from Taipei that they were not abolished entirely.¹⁷⁶ Washington viewed President Chen’s actions as violating the “five noes” that Chen promised in 2000 – that the “abolition” of the NUC and Guidelines would “not be an issue.”¹⁷⁷ As the United States viewed the lack of clarification as a

¹⁷¹ Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 13.

¹⁷² Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 5.

¹⁷³ *Ibid.*, 5.

¹⁷⁴ Michael D. Swaine, "Deterring Conflict in the Taiwan Strait: The Successes and Failures of Taiwan's Defense Reform and Modernization Program," *Carnegie Papers* 46 (July, 2004), <http://taiwansecurity.org/IS/2004/CP46.Swaine.FINAL.pdf> (accessed July 26, 2007), 9.

¹⁷⁵ *Ibid.*, 10.

¹⁷⁶ Romberg, "The Taiwan Tangle," 10; Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 6.

¹⁷⁷ Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 5-6.

change in the status quo, and Taipei continued to avoid the issue, Senator John Warner – chairman of the Senate Armed Services Committee – stated that “if conflict were precipitated ‘by just inappropriate and wrongful politics generated by the Taiwanese elected officials, I’m not entirely sure that this nation would come full force to their rescue...’”¹⁷⁸ President Chen did eventually provide clarification that the Council was not abolished three months later, in June 2006.¹⁷⁹

While Taiwan has been taking steps to ensure its own defense, the level of support from the United States has definitely waned as Taipei policy increasingly threatens the status quo. Thus far the period from 2001 to 2007 has seen an increase in independence leaning rhetoric and a decrease in level of U.S. support. A close examination of the military balance during this time will complete the picture of Taiwan’s security.

C. MILITARY BALANCE BETWEEN PRC AND ROC

As highlighted above, Taiwan had significant political issues that prevented the approval of the 2001 defense package from the United States. While Taipei was negotiating budgets, the PRC was increasing both acquisitions and indigenous production. The following section examines the capabilities of both the PRC and ROC and assesses any changes to the overall capability spread.

1. PRC Procurements and Developments

Analysts increasingly believe that the PLA is modernizing more rapidly than Taiwan’s military, threatening a shift in the military balance.¹⁸⁰ Several factors contribute to the increase in the pace of modernization, but possibly the most important is Moscow’s willingness to sell its aging inventory. Since 2001, Beijing has purchased and received delivery of additional Su-30s, Kilo submarines, two *Sovremenny* destroyers, IL-

¹⁷⁸ Romberg, "The Taiwan Tangle," 11.

¹⁷⁹ Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, 6.

¹⁸⁰ Chase, "Defense Reform in Taiwan," 362.

76 transport aircraft, IL-78 tanker aircraft, and surface to air missile (SAM) systems.¹⁸¹ The EU would have furthered PLA modernization as well, as it had planned to lift its arms embargo in 2005, but the passing of the anti-secession law delayed that action.¹⁸²

While the PLA cannot yet benefit from European technologies, it is benefiting from an increased budget, as depicted in the chart below:

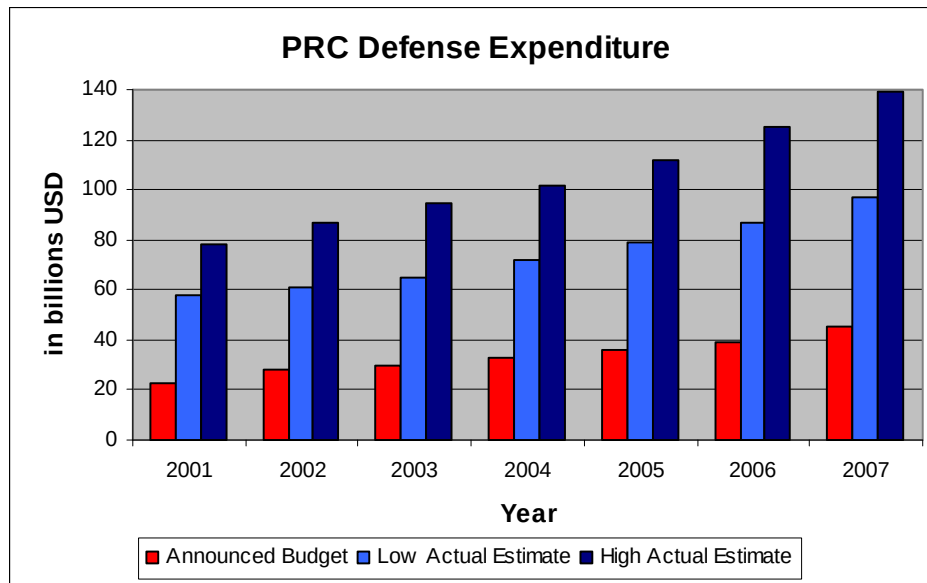


Figure 8. PRC Defense Expenditure 2001-2007¹⁸³

The stagnation in defense spending appears to be over as the announced budget, and thus the estimates of actual PRC spending, have steadily increased in recent years.

The PLAAF enjoys improved inventory with the additional purchases of Russian Su-27s and Su-30s. Indigenous production also continues to improve with increasingly accurate land-attack cruise missiles (LACM) such as the DH-10 and the J-10 fighter, inducted into the PLAAF in 2006.¹⁸⁴ Additionally, PRC acquisition of the Russian S-300MU-2 SAM system that reaches into Taiwan's airspace provides a significant

¹⁸¹ International Institute for Strategic Studies (IISS), *The Military Balance 2007* 107, No. 1, (London: Routledge, February 2007), 381.

¹⁸² ICG Staff, *China and Taiwan: Uneasy Détente*, 12.

¹⁸³ Data for chart obtained from Office of the Secretary of Defense, *Military Power of the PRC*, 32.

¹⁸⁴ *Ibid.*, 2.

advantage over even Taiwan's advanced generation fighters.¹⁸⁵ The PLAN has also acquired the SS-N-27B supersonic anti-ship cruise missile (ASCM) for use on its *Kilo* submarines.¹⁸⁶ The *Sovremenny* destroyers are of particular interest to U.S. forces, as the *Sovremenny* is equipped with the SS-N-22 Sunburn missile – designed to successfully penetrate the Aegis air defense shield that protects U.S. aircraft carrier strike groups.¹⁸⁷

2. ROC Procurements and Developments

Despite an increase to 2.6 percent of GDP in 2007, Taiwan's defense budget decreased as a function of GDP from 2001 to 2006,¹⁸⁸ as depicted in the chart below:

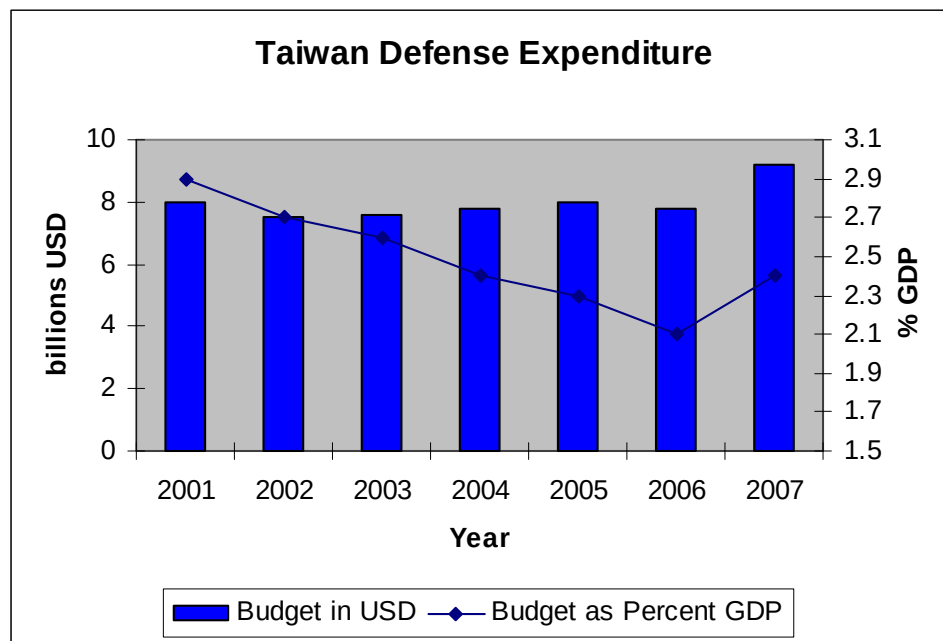


Figure 9. Taiwan Defense Expenditure, 2001-2007¹⁸⁹

While actual defense spending appears to have changed very little over this time period, the value of defense expenditure dropped as compared to a GDP that was not growing as

¹⁸⁵ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 20.

¹⁸⁶ OSD, *Military Power of the PRC*, 2.

¹⁸⁷ Christensen, "Posing Problems without Catching Up," 30.

¹⁸⁸ Pan and Lee, *China-Taiwan Relations*; Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 36.

¹⁸⁹ Data for chart obtained from Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 25-6.

rapidly as it had in the past. This indicates that the proportion of spending on defense by the Taipei government decreased up until approval of the defense package in 2007.

Funding for defense has been the primary issue facing Taiwan during this time period, as the economy experienced reduced growth.¹⁹⁰ This is reflected in the decreased defense budget in 2003, to \$7.2 billion, with its continuing decline as a percentage of GDP – 2.6 percent in 2003 as compared to 4.72 percent in 1993.¹⁹¹ Additionally, an increasing amount of the defense budget is used for personnel costs, 54.54 percent in 2003, which dramatically reduces funds available for research and procurement.¹⁹²

Taiwan purchased \$13.9 billion in arms from 1998 to 2005, of which more than \$10 billion came from the United States. Other countries from which Taiwan procured weapons included Canada, France, Germany, Israel, and the Netherlands; though, these countries have since ceased selling arms to Taiwan.¹⁹³ Two early warning radar sites were recommended and approved for sale by the Clinton Administration but the LY only approved an expenditure of \$800 million for one site in November 2003.¹⁹⁴

A recent defense request in February 2007 included AMRAAM and Maverick missiles, worth \$421 million.¹⁹⁵ The MND has stated a priority for procuring additional F-16s, which was requested following the passage of the 2001 U.S. defense package in June 2007.¹⁹⁶ The discussion above with regards to the 2001 defense package details the timeline of Taiwan's procurements. The primary concern with these acquisitions is that it increasingly seems that Taiwan is becoming less capable of defending itself without the pressure and involvement of the United States.

¹⁹⁰ Swaine, "Deterring Conflict in the Taiwan Strait," 19.

¹⁹¹ Chase, "Defense Reform in Taiwan," 372.

¹⁹² Ibid.

¹⁹³ Esther Pan and Youkyung Lee, "China-Taiwan Relations," *Council on Foreign Relations*, http://www.cfr.org/publication/9223/chinataiwan_relations.html?breadcrumb=/ (accessed January 18, 2008).

¹⁹⁴ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 16.

¹⁹⁵ Dumbaugh, *Taiwan : Recent Developments and U.S. Policy Choices*, 8.

¹⁹⁶ Brown, "China - Taiwan Relations: Dueling in the International Arena," 97; Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 18.

3. Overall Capability Spread

While waiting for the 2001 arms package to be approved by the Legislative Yuan, Washington was concerned that Taiwan was not improving its missile defenses rapidly enough to contend with the growing short-range ballistic missile (SRBM) deployments by the PRC. This led to the 2004 sale of early warning radar systems to Taiwan by the United States.¹⁹⁷ The approximately one thousand SRBMs deployed across the Strait pose a significant threat to Taiwan's security. This battery is comprised of CSS-6 and CSS-7 missiles, with ranges of 600 and 300 kilometers, respectively, as depicted in the image below from the Department of Defense annual report on PRC military power:



Figure 10. Taiwan Strait SAM and SRBM Coverage (From: OSD, *Military Power of the PRC*)¹⁹⁸

This arsenal, which benefits from the increasing reliability of PRC precision guidance, poses a significant threat to important facilities; such as: military bases and

¹⁹⁷ Chase, "Defense Reform in Taiwan," 375-6.

¹⁹⁸ Figure printed verbatim from OSD, *Military Power of the People's Republic of China*, (2008), 56. The CSS-6 is also known as M-9 or DF-15 and the CSS-7 is commonly known as the M-11 or DF-11.

communications, transportation, and utilities infrastructure. Of further concern is that this arsenal continues to grow by over 100 missiles each year.¹⁹⁹

There are a growing number of obstacles to Taiwan's self-defense. One of the most serious obstacles to defense procurement has been political deadlock between pan-blue and pan-green coalitions.²⁰⁰ Another growing concern for Taiwan's defense is military support for government policies. As the military was closely tied to the KMT during the years of martial law, it is very difficult for the DPP to be guaranteed military support for policies that may provoke an attack by the PRC.²⁰¹ Yet another critical issue facing Taiwan is man-power, noted by Michael Chase who highlights Taiwan's trouble "maintaining a sufficient number of qualified fighter pilots in the Taiwan Air Force."²⁰²

Taiwan's Air Force also faces other problems, such as the growing capabilities of the PLA in contrast to Taiwan's aging fleet of fighter aircraft. In trying to anticipate the growing capabilities of the PLA, the Clinton Administration approved a request for 200 AMRAAMs for Taiwan's F-16s. Taiwan did not purchase the entire allotment, only 120, which many analysts believe will not be sufficient to counter the PRC threat. Washington has also encouraged procurement of SLAMRAAMs in expectation of PLA LACM capabilities.²⁰³ Additionally, though Taiwan possesses advanced fighters, in order to keep its inventory parallel with increasing PLAAF capabilities, Taiwan will need to replace its aging F-5s and Indigenous Defense Fighters (IDFs).²⁰⁴

As part of the change in military strategy that places greater emphasis on effective deterrence, Taiwan has been moving forward with plans to develop and deploy short and medium-range ballistic missiles, as well as land-attack cruise missiles.²⁰⁵ Taiwan's

¹⁹⁹ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 15.

²⁰⁰ Chase, "Defense Reform in Taiwan," 379.

²⁰¹ ICG Staff, *China and Taiwan: Uneasy Détente*, 9.

²⁰² Chase, "Defense Reform in Taiwan," 371.

²⁰³ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 18.

²⁰⁴ *Ibid.*, 20.

²⁰⁵ Wendell, Minnick, "Taiwan Has Ambitious Plans," *Jane's Missiles and Rockets* (online), (April 1, 2004), <http://jmr.janes.com>, as cited in Chase, "Defense Reform in Taiwan," 366; Brown, "China - Taiwan Relations: Dueling in the International Arena," 97.

offensive missile capability was confirmed by use of the *Hsiung Feng 2E* LACM during the *Han Kuang 23* military exercise in April 2007.²⁰⁶ However, despite this focus on effective deterrence and resolute defense, Taiwan has still not taken steps to improve its joint capabilities – it predominately relies on the navy to combat naval assets, air force versus air force, and ground forces to combat ground forces.²⁰⁷ This strategy also hinders the appropriation of defense spending as inter-service rivalries prevent agreement on how funding should be spent.

In order to maintain the narrow margin of superiority it has over a rapidly closing PRC, Taiwan must improve its inter-service rivalries and its command, control, and communication structure. While the PRC did not close the gap completely in this time period, it has closed the gap to a point that should be alarming to officials in Taipei.

D. CONCLUSION

The trends throughout this final time period evaluated demonstrate most significantly both an increase in the role of the United States in Taiwan policy and an increase in the strength of the PLA in relation to ROC forces. Yet again, ROC political parties shifted their positions in order to attract voters, and individual players were swayed at times by actions from either Washington or Beijing. The United States started out supportive, which more than likely gave President Chen the confidence to take some seemingly more drastic measures, such as his 2002 remarks referring to Taiwan as a country and suggesting that Taiwan would go its own way. The decrease in U.S. support throughout the time period results in a negative impact of the IV.

On the military front, Taiwan's domestic political rivalries prevented Taiwan from acquiring sufficient weapons for defense. The package approved for sale by Washington took six years to make it through Taiwan's approval process in its entirety; meanwhile, the PRC was steadily acquiring and developing assets, and training with those assets while Taiwan delayed. This is not to say that the PRC achieved the

²⁰⁶ Brown, "China - Taiwan Relations: Continuing to Inch Forward," 97

²⁰⁷ Swaine, "Deterring Conflict in the Taiwan Strait," 11.

capability to reclaim Taiwan by force, but it has made great strides toward catching up with Taiwan militarily. Though the gap may not be closed, the combination of actions taken by Taipei and Beijing during this time period certainly prevented the gap from widening in Taiwan's favor – perhaps permanently.

The official independence policy made some excursions toward independence, but in fact changed very little. One of the ways the excursion toward independence can be noted is the method with which the ROC applied to the United Nations. The ROC has been applying for membership to international organizations since democratization, but it is during Chen's reign that the requests became more provocative, with proposals to join under the name of Taiwan, a move certain to spark tension across the Strait. It is these subtle nuances in wording that give insight to the desired direction of Taiwan's official independence policy.

One interesting thing to note about this final time period is the effect each of the independent variables had on the others. When the U.S. level of support for Taiwan shifted, it did so more obviously than in the past, with public denunciations of Chen's proposals, or government officials double checking the wording of a speech prior to Chen's delivery. These actions helped to not only keep Taiwan's independence policy at the status quo, but also served to sway the domestic politics in Taiwan. Another example of this interconnectedness is the political rivalries that prevented the 2001 defense package from being approved. The pan-blue coalition was concerned that if the pan-green camp enjoyed the benefits of security provided by the defense sale, that Chen would take even more antagonizing actions toward Beijing, jeopardizing the security of Taiwan. This rivalry permitted Beijing the time to grow stronger at a time when U.S. support was already low, the outcome of which is best demonstrated by the elections in March 2008, which is evaluated further in the concluding chapter.

V. CONCLUSION

Samuel P. Huntington states that the true consolidation of democracy is determined by the “two-turnover test.”²⁰⁸ The ROC satisfied the conditions for the first turnover in 2000 with the direct election of President Chen Shui-bian of the DPP. On March 22, 2008, the successor party – the DPP – lost the power of president and on May 20, 2008 constitutionally surrendered power back to the KMT with the election and inauguration of President Ma Ying-jeou. While this turnover had previously happened at the mayoral level in 1998,²⁰⁹ 2008 marks the first true success at the presidential level. This serves to demonstrate the stability of Taiwan’s democratic system and portends its likely continued success.

Throughout the democratization process, the government of Taiwan avoided steps to explicitly declare independence. To determine if it is likely to do so in the future, now that democratization is complete, this chapter will summarize the findings over the course of examination. Further, this chapter will analyze the trends and relationships between the IVs and the DV and suggest areas for future study, as well as propose policy recommendations based on the findings of this research.

A. FINDINGS

Over the course of this survey, Taiwan’s policy at first appears to drift toward independence; however, Taiwan’s *official* policy has remained fairly constant since 1991, as Taiwan has not altered its constitution in such a significant way. This section provides an overview of the shifts in the three IVs that influence the DV, as well as identify excursions toward independence throughout the time period evaluated.

²⁰⁸ Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: University of Oklahoma Press, 1991), 266-7, quoted in Dumbaugh, *Taiwan’s 2008 Presidential Election*, 4.

²⁰⁹ Chu and Diamond, "Taiwan's 1998 Elections," 821.

1. Independent Variables

As noted in the preceding chapters, each of the independent variables changed over the course of study. The following table provides a characterization of each of the IVs according to their resulting influence on independence over the time periods evaluated:

	<i>Domestic Politics</i>	<i>U.S. Support</i>	<i>Military Balance</i>
<i>1991-1996</i>	Negative, but increasing	Positive	Positive
<i>1996-2001</i>	Negative, but increasingly positive	Decreasing	Decreasing
<i>2001-2007</i>	Positive, but decreasing	Increasingly Negative	Increasingly Negative

Table 3. Independent Variables by Time Period

These trends reflect changes in the political and military relationships that affect not only the DV, but also the other IVs. The domestic politics were at first influenced by increasing liberalization as a result of democratization. However, as Chen Shui-bian became more provocative as the final time period progressed, the political entities within Taiwan made efforts to restrain independence leanings. The level of U.S. commitment to Taiwan also decreased throughout the evaluation due to the efforts by some Taiwanese politicians to move beyond the status quo. Lastly, the domestic politics influenced the PRC's increase in modernization, and its subsequent growth served to restrain Taiwan's domestic politics.

One important aspect of politics to note is that it takes time to effect a change. This applies to comparative military strength as well as political movements, policies and even the ideals of a political party. The trends noted in both ROC politics, and its independence policy, demonstrate that a specific trend had to build momentum prior to a shift in relative security becoming apparent. This is particularly true when discussing the effect of the military balance, as it is can be many years after an acquisition that actual capabilities become a threat or issue.

The changing of political party platforms and movements based on relative security is a unique characteristic of democracy. In a democratic system, the administration is held accountable for actions that place its constituents at risk, which causes the full implementation of its goals and policies to be restricted by the electorate.²¹⁰ This helps reign in the most provocative parties and individuals in Taiwan's case. The failure of the DPP to adjust to the electorate's desires cost it both the legislative and presidential elections. As Benson and Niou noted, "public opinion influences political outcomes," and both the U.S. level of support and the threat posed by the PRC militarily, affect public opinion in Taiwan on independence-reunification.²¹¹

2. Dependent Variable

The following table provides a summary of the major excursions toward independence as compared to Taiwan's relative security as well as the outcome of those actions:

<i>Year</i>	<i>Excursion</i>	<i>Security</i>	<i>Outcome</i>
1995	President Lee to Cornell	High	Taiwan Strait Crisis
1999	Lee's "two-states" theory: special state to state relations	High, but declining	Quasi-official dialogue ceases & U.S. criticism
2002	Chen refers to Taiwan as a country and suggests it should "go its own way"	High, but declining	U.S. criticism and start of declining support
2004	Chen proposes new constitution and referendum law that allows universal changes	Moderate, decreasing	Pan-Blue prevents new constitution and restricts referenda
2004	Referendum to request PRC commitment to no use of force and removal of missiles	Moderate, decreasing	U.S. criticizes Referendum lacks required votes
2006	NUC "cease to function" and Guidelines "cease to apply"	Low	U.S. demands clarification NUC not abolished, Chen complies
2007	Chen's "four wants" – independence, name change to Taiwan, constitution and greater economic development	Low	U.S. criticism

²¹⁰ Dosch, "The Impact of Democratization," 22.

²¹¹ Benson and Niou, "Public Opinion and the Security Balance in the Taiwan Strait," 287; Roy, "Taiwan Strait Update," 4.

2008	Referendum to apply to UN as “Taiwan”	Low	Criticized by PRC & U.S. KMT alternative & boycott
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Table 4. Excursions Towards Independence

As noted above, the few excursions attempted toward independence occurred either when the military balance or U.S. support appeared to be in Taipei’s favor. This does not seem to be the case at first when examining the trends after 2000, as President Chen was certainly leaning toward independence during his entire presidency, but Taiwan still possessed a military advantage over the PRC, regardless of the fact the PRC was closing the gap. This supports initial analysis that the ROC would likely take provocative steps towards independence before the PRC is able to completely catch up, but that is when the United States takes action.

As the PRC grew in strength and U.S. support wavered, not only did officials back away from vocal challenges made to the status quo, but the political parties themselves actually shifted their stances on the independence-reunification continuum to attract voters. This is most obvious in the recent election, where the KMT promised increased economic ties and negotiations with the PRC, painting the DPP’s dealings with the PRC as irresponsible. While this shift did not vary significantly from traditional KMT rhetoric, it did win the election for the KMT and Ma Ying-jeou, and not by the slim margin the DPP had in the two previous elections, but by 2.2 million votes, or sixteen percent.²¹²

It may at first appear that the referendum on the ballot for the March 2008 election was an excursion toward independence at a time when Taiwan’s level security was relatively low. A closer inspection of the internal politics, however, provides a different picture. The referendum was first proposed by Chen Shui-bian to request UN membership under the name Taiwan,²¹³ but the government as a whole did not agree with the referendum. In order to prevent a definitive move towards independence and maintain the status quo, the KMT not only backed another option – a referendum

²¹² Dumbaugh, *Taiwan’s 2008 Presidential Election*, 1.

²¹³ Ibid., 2.

proposing joining under the name “Republic of China” or any other name deemed suitable – but also urged constituents to boycott the referendum.²¹⁴ This provides yet another example of the strengthening democratic institutions, as Chen’s provocative actions were reigned in by his own Legislative Yuan – serving to constrain Taipei’s independence policy.

3. Need for Further Study

As the recent election was secured mainly on a platform of economic prosperity through increasing ties with the PRC, rather than security issues, an analysis of political-economic implications would be an area worthy of further development. Even while the findings indicate that relative security was an important determinant of Taiwan official policy, economic security and prosperity is perhaps just as important. This author chose to evaluate the security aspect rather than the economic aspect due to the nature of the cross-Straits relationship. The deployment of weapons and the reservation of the right to use force by Beijing, as well as the prospect of U.S. military support, lends well to a realist approach, using balance of power and rationalist theories. While this approach was successful, the results of this research might have been different if trends in Taiwan’s economy had not mirrored the shifts in the independence-reunification leanings of the political parties and their constituents.

B. ANALYSIS

In order to determine the proper course of action for U.S. policy, it is helpful to identify which model of state behavior best explains Taipei’s actions. One theory about the causes of war that seems to be most applicable to Taiwan’s precarious position is rationalist theory, which is based largely on neorealist principles. One rationalist explanation for war is when states misinterpret each others’ willingness to fight.²¹⁵ The

²¹⁴ “The Significance of the March 22 Referendums,” *Government Information Office, Republic of China*, (March 22, 2008), <http://www.gio.gov.tw/ct.asp?xItem=36471&ctNode=2462&mp=807> (accessed May 4, 2008); Jane Rickards, “Taiwan Referendum Faces Boycott,” *The Washington Post*, March 13, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/03/12/AR2008031201377.html> (accessed May 4, 2008).

²¹⁵ Fearon, “Rationalist Explanations for War,” 394.

current U.S. policy of strategic ambiguity takes full advantage of this notion – if Taiwan is certain that United States will intervene on its behalf, it may be more likely to provoke the PRC, and conversely, if the PRC is certain in United States nonintervention, Beijing might be more likely to take action against Taiwan.

Another aspect of Fearon's argument includes underestimating the others' capabilities.²¹⁶ This could also apply to Taiwan just prior to the Strait Crisis; however, with the exception of President Lee's trip to the United States, Taiwan did not take any actions to deliberately provoke the PRC in that instance. The actions taken since then, particularly since Chen Shui-bian's election, do not seem to support either theory, as the PRC had already demonstrated both its willingness to use force and its growing capabilities.

While Chen's actions do not appear to support rationalist theory as described above, there is another aspect of rationalist explanations for wars – the theory that when the relative strength of two states appears to be reversing, the state that is becoming weaker will take actions while it is still stronger to demand concessions from the rising power.²¹⁷ Chen's attempts to change Taiwan's official independence policy during the last few years could certainly be perceived as such; as the research has shown, and analysts agree, that the PRC is closing the capability gap.²¹⁸ What this policy fails to take into account however is the effect of U.S. support, as most provocative actions taken by Chen that diminished Taiwan's position from both Washington's perspective, as well as Beijing's, were quickly reversed.

From this standpoint, can all of Taiwan's shifts since 1991 be explained by rationalist theory? It certainly seems so, as it was first underestimation of Beijing's willingness to fight, followed by underestimation of capabilities, based on both the PRC's rise and Washington's conditional level of support. The question becomes, can rationalist theory also explain Chen's retreat from provocative stances at Washington's

²¹⁶ Fearon, "Rationalist Explanations for War," 394.

²¹⁷ Ibid., 385.

²¹⁸ David Shambaugh, "A Matter of Time: Taiwan's Eroding Military Advantage," *The Washington Quarterly*, (Spring 2000), 119;

urging? If the underlying assumptions that lead to an action are proved incorrect, then it would follow that a rational actor would in fact retreat from his initial stance. It would appear that despite seemingly irrational acts, Chen, and the government in Taipei, are certainly rational actors.

C. POLICY RECOMMENDATIONS

The trends and analysis discussed above is beneficial to refining future U.S. policy options regarding Taiwan. Current U.S. policy consists mainly of defense support for Taiwan, while deterring unilateral actions on both sides of the Strait through the policy of strategic ambiguity. This was most recently demonstrated during Taiwan's March elections, when Washington "responsibly positioned" two carrier strike groups (CSGs) in the region.²¹⁹ The following policy recommendations will encompass defense support and the policy of strategic ambiguity, as well as a discussion of possible roles Washington consider as PRC-ROC negotiations begin anew.

1. Future Defense Support for Taiwan

When considering future defense support for Taiwan, it is important to consider the conflicting requirements of the 1982 Communiqué and the TRA. The United States is committed to providing the means of defense for Taiwan, while reducing that support over time. Over the course of the next year, that support is expected to be in the form of F-16C/Ds, P-3Cs, utility and attack helicopters, diesel submarine research and design, and upgrades to the Patriot system, including PAC-2 upgrades and PAC-3 missiles, as provided for in Taiwan's FY 2008 defense budget.²²⁰

What is uncertain is how U.S. support for defense will change under the new KMT Administration. Some analysts feel that the new administration will seek to reduce military spending, in order to gain economic advantages through interactions with the

²¹⁹ Shirley Kan, *Security Implications of Taiwan's Presidential Election of March 2008*, CRS Report for Congress (April 4, 2008), 1.

²²⁰ Kan, *Taiwan: Major U.S. Arms Sales since 1990*, 37.

PRC, which potentially poses a significant threat to U.S. regional interests.²²¹ Taiwan's ability to follow through on arms sales has already been an issue in U.S.-Taiwan relations since 2001, and friendlier relations between Beijing and Taipei may place increasing strains on Taiwan's relations with the United States.

An additional point for consideration will continue to be the types of weapons sold to Taiwan. The United States has historically avoided selling weapons of an offensive nature, and should continue to do so, in order to benefit both Sino-U.S. and U.S.-Taiwan relations.²²² It is not likely that the new administration will request weapons of an offensive nature, however some systems that have already been approved for research and design can be viewed as offensive, such as submarines. Perhaps the most controversial defense system is Theater Missile Defense (TMD). As David Shambaugh accurately notes, the system would not provide adequate defense from Beijing's CSS-6 and CSS-7 arsenals, yet would cause a large political controversy.²²³ As this research demonstrates, even the perception of invulnerability by Taiwan could prove disastrous – possibly prompting a formal declaration of independence – particularly if negotiations between the new KMT regime and Beijing deteriorate. Additionally, given the recent demonstration by the United States of an Aegis cruiser destroying a low-earth orbiting (LEO) satellite, both TMD and Aegis destroyers should remain off the list for transfer to Taiwan.

2. Strategic Ambiguity

Thomas Christensen observes that Washington needs to “find the best possible balance of deterrence and reassurance.”²²⁴ As discussed above in the analysis section, the policy of strategic ambiguity currently provides sufficient deterrence for both Taipei and Beijing, and reassurance is currently accomplished through private and public statements Washington makes when one provokes the other. The mutual assurance

²²¹ Kerry Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, CRS Report for Congress (2008), 17.

²²² Christensen, “Posing Problems without Catching Up,” 38.

²²³ Shambaugh, “Taiwan's Eroding Military Advantage,” 128.

²²⁴ Christensen, “Posing Problems without Catching Up,” 40.

aspect will more than likely be the most difficult to achieve. Beijing must be assured of U.S. support in order to promote cooperation on the six-party talks and the War on Terror, while Taipei must be assured that it has not been abandoned in order to gain support for those same U.S. security objectives.²²⁵ Washington must continue to maintain this delicate balance in order to assure peaceful resolution of the Taiwan question.

3. PRC-ROC Negotiations

The final aspect of U.S. policy that should be evaluated is the current position of non-involvement in negotiations between the PRC and ROC. This has previously been to the benefit of both sides, though primarily Taiwan, as Washington's six assurances in 1982 specified that the United States would not "pressure Taiwan to enter negotiations" nor serve as a mediator between the two.²²⁶ While applying pressure to Taiwan is certainly not a recommended course of action, being involved in some capacity in negotiations if requested by Taiwan should certainly be considered. As the preceding decade demonstrated, prompt actions taken by officials in Washington has increased stability in the cross-Straits relationship. It is uncertain exactly what role Washington could play, but being prepared and willing to be involved could not only benefit Taiwan in future negotiations, but also allay U.S. regional security concerns about closer ties between Beijing and Taipei.

D. SUMMARY

A conflict in the Taiwan Strait would be detrimental to not only those involved, but also to the East and Southeast Asian region as a whole. Working multilaterally with both Beijing and Taipei will afford the best opportunity to prevent critical miscalculations that could lead to war. As Kenneth Lieberthal stated:

²²⁵ Roy, "Taiwan Strait Update," 7.

²²⁶ "The 'Six Assurances' to Taiwan," Taiwan Documents Project, July 1982, <http://www.taiwandocuments.org/assurances.htm>, (accessed May 5, 2008).

the potential consequences [are] so dire, that all three major players should summon the courage to think creatively about how to prevent it. Because neither Beijing nor Taipei is likely to make the first move even if they recognize such a plan's potential benefits, Washington will have to jump-start the process.²²⁷

Current trends, as well as the new KMT administration, herald favorable conditions for a peaceful resolution to the Taiwan Question, but Washington must still be prepared to be as involved as necessary in upcoming negotiations, to assure an outcome that is agreeable to all.

²²⁷ Lieberthal, "Preventing a War Over Taiwan," 53.

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